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United States  
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# Western Europe

## Agriculture and Trade Report

Situation and Outlook Series



Western Europe grapples  
with major issues affecting  
agriculture and trade.



**Western Europe Agriculture and Trade Report**  
(Situation and Outlook Series)

July 1989

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## Summary

Buoyant economic growth, strong investment demand, low inflation and increased employment characterized Western Europe in 1988. However, wide disparities remain between countries, particularly regarding inflation and unemployment. The economic outlook for 1989-90 appears bright, with continued moderate growth in investment and income and only slightly higher rates of inflation.

EC agricultural ministers agreed to the 1989/90 price proposal package and related measures on April 23. As originally proposed, the package freezes intervention prices for most commodities at last year's levels but contains other concessions, including changes in the intervention system and agrimonetary measures.

The EC spent 26.4 billion European currency units (\$31.2 billion) in 1988 on agricultural support, 4 percent less than appropriated. The savings came primarily from lower intervention and export subsidies resulting from higher world commodity prices following last summer's North American drought.

The European Free Trade Association (EFTA), established in 1960 as a duty-free trade zone, now includes Austria, Finland, Iceland, Norway, Sweden, and Switzerland. The EFTA countries are seeking increased cooperation with the EC, which plans to eliminate all internal restrictions on the movement of goods, services, and capital by the end of 1992.

Agricultural production for total Western Europe during 1988 was characterized by larger supplies of grains, pork, poultry, sugar, and citrus, but smaller outputs of oilseeds, tobacco, beef, and milk. Near record yields on virtually unchanged area in the EC resulted in the second largest grain crop on record while reduced oilseed plantings cut supplies to just under the previous year's record. Lower milk and beef output in 1988 reflect continued herd reductions in the EC.

Grain consumption is expected to rise slightly in 1988/89 as feed use expands in response to abundant domestic supplies and higher world prices for oilseed meals and nongrain feeds. Oilseed crush is expected to contract slightly as high oilseed prices and low vegetable oil prices squeeze operating margins. Demand for oilmeal should also decline slightly in 1988/89 while consumption of vegetable oils remains stagnant. Reduced beef consumption is expected to be offset by higher pork and poultry consumption.

Western Europe is forecast to export larger volumes of grain, sugar, pork, and poultry in 1988/89, but smaller amounts of beef. Grain exports are projected to reach new highs, aided by abundant domestic supplies, drought-reduced crops in

North America, and high world prices that have lowered the cost to the EC of subsidizing exports.

The EC's system of agricultural stabilizers, which emerged from the February 1988 EC Summit in Brussels, became operational for a number of commodities in 1988/89. The stabilizers are designed to cut support prices if production exceeds the established quota or "maximum guaranteed quantity."

Another measure that came out of the 1988 Summit was a program of paid land set asides aimed at reducing surplus crop production. Set-aside programs offered by individual member countries have generally met with little enthusiasm because of the low payments offered.

The agreement to compensate the United States and other grain exporters for lost sales following Spain's accession to the EC is in its third year. Spain purchased the required 2.3 million tons of grains and feeds for 1988 but was granted an extension until April 1989 to complete delivery.

The EC's ban on the production and importation of meat from animals treated with growth hormones went into effect on January 1, 1989. The United States quickly retaliated on \$100 million of imported EC products and the EC threatened to counter-retaliate. Formation of a joint task force to find a solution to the dispute has temporarily defused additional trade sanctions.

In a case brought by a Dutch farmer, the EC Court of Justice ruled that the allocation of dairy quotas beginning in 1984 had unfairly deprived him of his right to market milk. As a result, the Commission was forced to add 500,000 tons of new quota for other farmers who participated in the EC's "outgoer" program in the late 1970's but wanted quotas under the superlevy program.

On December 8, 1988, the EC and the United States reached an agreement that permitted both sides to implement the remaining concessions under the Citrus Accord. In exchange for U.S. tariff concessions on such products as anchovies and certain types of cheeses, oranges and olives, the EC agreed to grant tariff concessions for almonds, lemons, grapefruit, and roasted peanuts.

The EC has embarked on an ambitious program to fully integrate its diverse national economies by removing internal barriers to the movement of goods, services, capital, and people by the end of 1992. If the program is successful, the short-term practical implications are most pronounced for the EC's food and agribusiness sector with indirect effects on agriculture.

The EC and other major trading nations are more than half way through the latest round of multilateral trade talks sponsored by the GATT. Issues on agriculture are at the forefront and disagreements between the United States and the EC over subsidies led to a collapse in the talks in Montreal last December. The negotiations moved ahead in April as the United States and the EC found a temporary resolution.

Formerly a net wheat importer, the EC is now a major net exporter. The EC's Common Agricultural Policy has encouraged sharp increases in production and exports of wheat and other grains which has led to fierce competition between the United States and the EC in the dynamic North African wheat market.

The EC's support program for dairy created large surpluses and budget outlays for storage and export subsidies in the 1970's and the 1980's. Imposition of quotas in 1984 along with adjustments in support prices and intervention mechanisms have reduced excess stocks and cut budget costs in recent years. However, there is mounting internal pressure to ease some of these reform programs.

The EC Commission has proposed a controversial program to subsidize the use of grain in animal feed. The plan is designed to curb the EC's grain surpluses and associated budget costs. The plan has met with much resistance inside and outside of the EC because of distortions it is likely to cause among EC member countries, feed manufacturing firms, and non-EC feed exporters.

## General Economic Situation

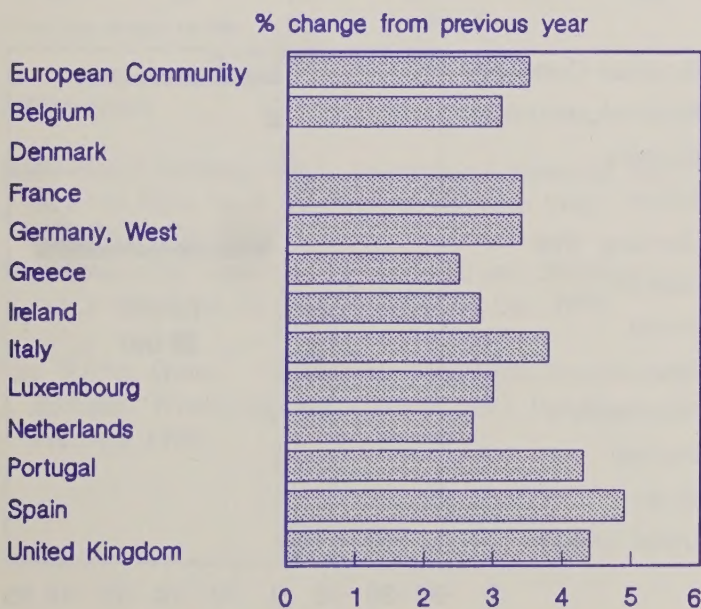
The year 1988 was very good for the European economy, although it varied considerably among countries. The average gross domestic product (GDP) of the 12 member countries grew at 3.5 percent in real terms, the strongest since 1976. The most buoyant factor was the investment component of total demand, which at 7.3 percent, was the highest growth rate in over two decades. These factors combined with a relatively low rate of inflation (3.3 percent) were responsible for lowering the unemployment rate to its lowest level in 5 years. However, at 10.5 percent, the figure is still high by developed countries' standards.

Economic performance varied widely among Western European countries. For EC countries, real growth ranged from 0 percent in Denmark to 4.9 percent in Spain (figure 1). For other Western Europe countries, real GDP growth ranged from -1.5 percent in Iceland to 4.6 percent in Finland (figure 2). EC inflation rates (as measured by consumer prices) varied from 0.7 percent in the Netherlands to 13.5 percent in Greece (figure 3) while inflation in other Western European countries ranged from 1.9 percent for Austria and Switzerland to 24.7 percent for Iceland (figure 4). The unemployment figures also portray some striking contrasts: Luxembourg, with 1.5 percent, was at full employment, whereas Spain, with 19.5 percent, had unemployment as one of its major economic concerns (figure 5). Elsewhere in Western Europe, unemployment was the lowest in Iceland (0.5 percent) and the highest in Finland (4.8 percent) (figure 6).

However, unemployment statistics should be compared with care because European countries use somewhat different standards to compute rates. Also, structural aspects must be

Figure 1

### EC Growth of Real GDP, 1988



taken into account. For example, Spain recently experienced a rise in the share of women in the workforce. Portugal, with its relatively low level of unemployment (6.5 percent), has yet to undergo this change in its workforce composition.

Figures 7 and 8 indicate the performance of Western European economies in the international arena, based on current account balances. For the EC as a whole, the balance of payments on current accounts declined from \$37.43 billion in 1987 to \$14.00 billion in 1988, while other Western Europe experienced a further deterioration from a \$.44 billion deficit to a \$2.75 billion deficit. For all Western Europe, Belgium/Luxembourg, Ireland, the Netherlands, West Germany and Switzerland showed positive balances in their current accounts in 1988.

Figure 2

### Other Western Europe Growth of Real GDP, 1988

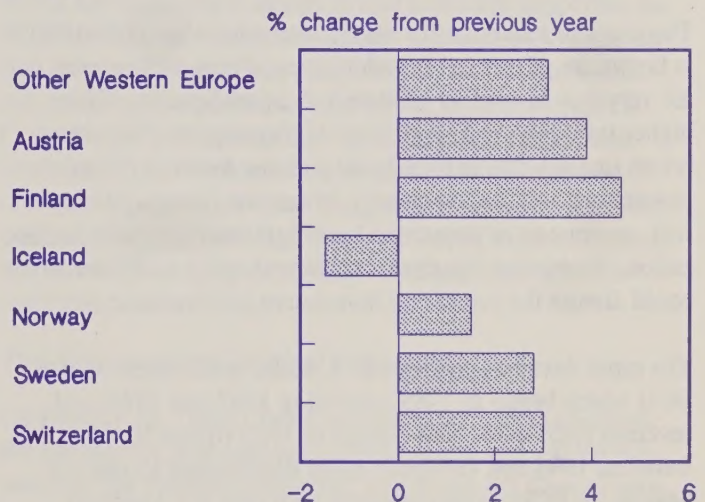


Figure 3

### EC Consumer Prices, 1988

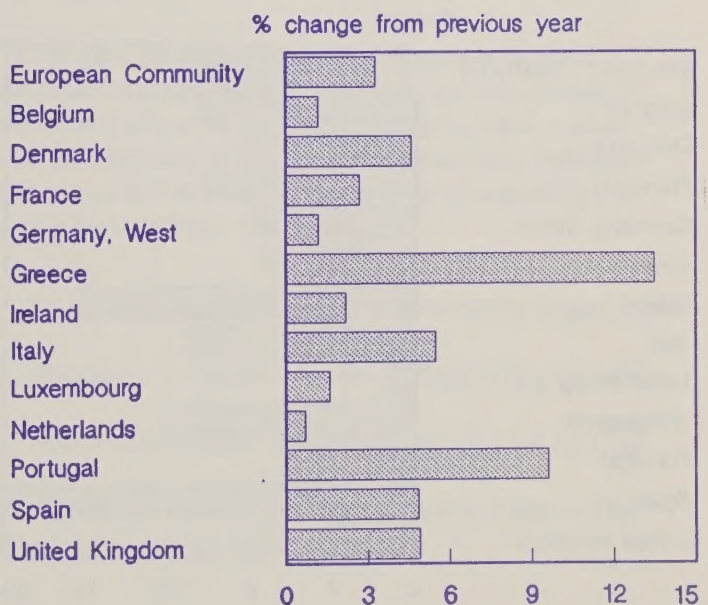
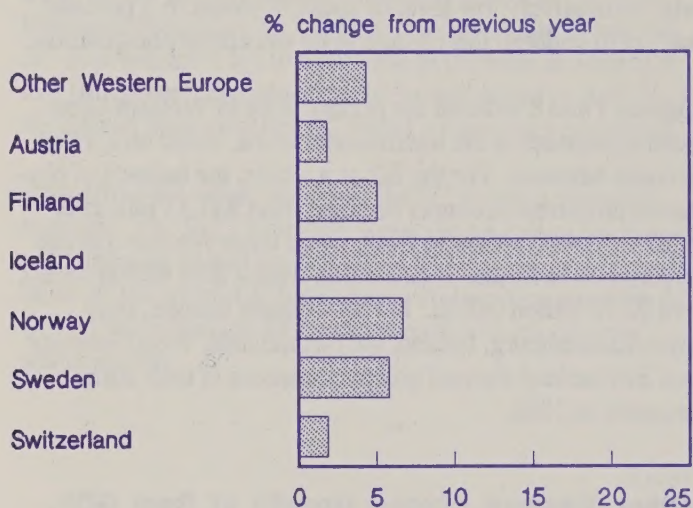


Figure 4  
**Other Western Europe Consumer Prices, 1988**



The economic outlook for the EC as a whole for 1989-1990 is favorable. Expected inflation rates, at around 4 percent, are very low but not as good as in the past 3 years. These higher inflation rates result from higher expected import prices (mainly due to rises in oil and raw material prices). Investment will remain strong. Investment in equipment will continue to be supported by a high rate of capacity utilization. Increasing interest rates (forced up by real growth) could disrupt the promising investment performance.

The rapid devaluation of the U.S. dollar with respect to the ECU which began in 1985, slowed in 1987 and 1988, and reversed itself in the first quarter of 1989 (figure 9). Between 1985 and 1988, the dollar depreciated 35 percent against the ECU. This compares with only a 2.3 percent devaluation between 1987 and 1988, and a 5 percent rise

Figure 5  
**EC Unemployment Rate, 1988**

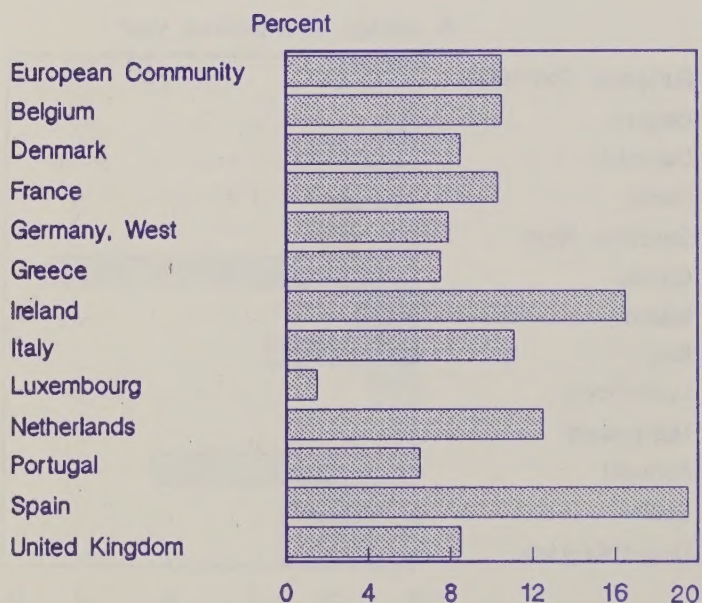
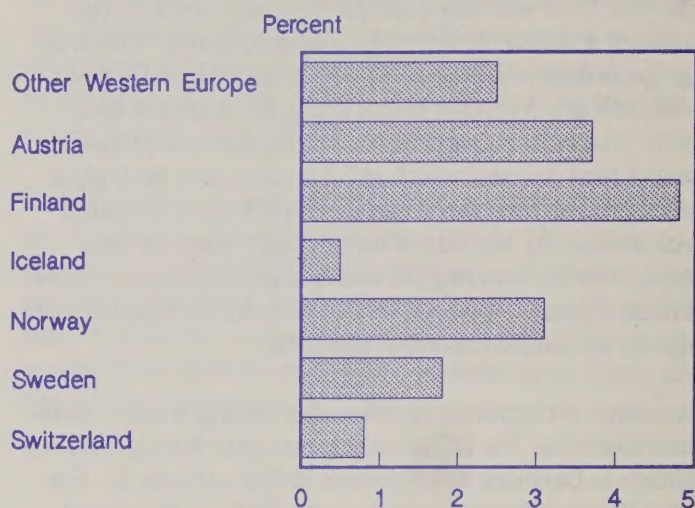


Figure 6  
**Other Western Europe Unemployment Rate, 1988**



against the ECU for the first 3 months of 1989. This development, combined with the 1988 North American drought (which drove up world prices of many agricultural commodities in 1988/89), has eased the financial pressure on the Common Agricultural Policy (CAP). As a whole, the trade position of the Community is expected to deteriorate slightly in 1989 but should stabilize in 1990.

In the spirit of project 1992, which calls for complete integration of European economies, disparities in income growth, inflation and unemployment between countries should be lessened. Strong economic growth and continued downward pressure on inflation must be maintained for the internal market to deliver on all its promises. [Pierre Van Peteghem and Walter H. Gardiner (202) 786-1615]

Figure 7  
**EC Current Account Balances**

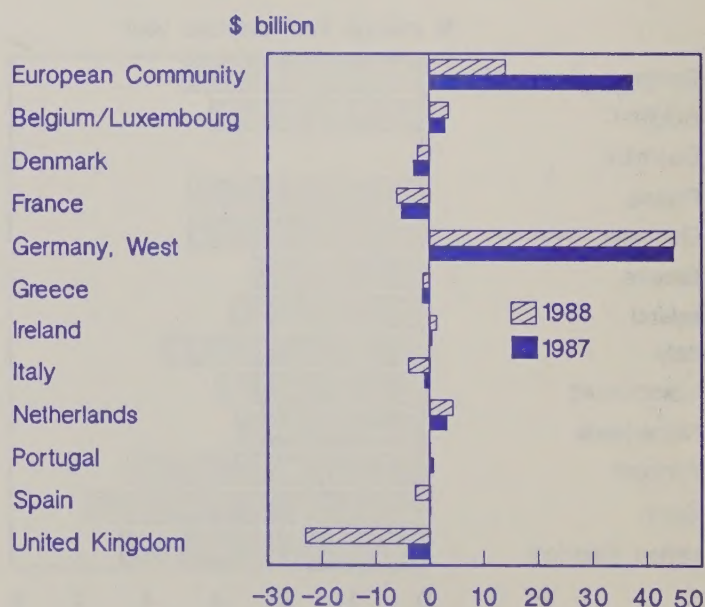


Figure 8

### Other Western Europe Current Account Balances

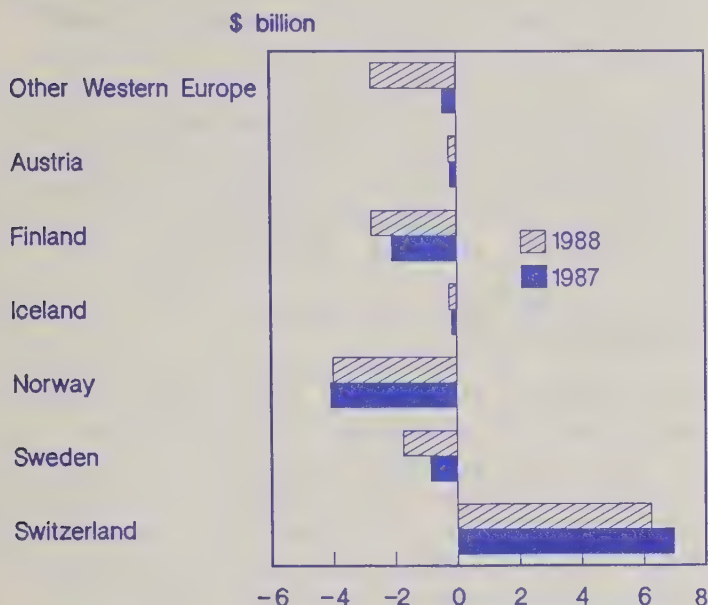
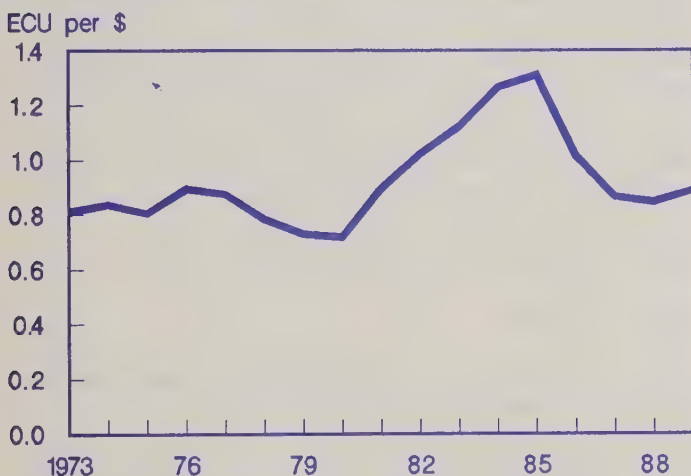


Figure 9

### Value of the U.S. Dollar in European Currency Units\*



\* Jan.-Mar. average for 1989.

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## EC 1989/90 Price Package and Related Measures

Following a week of intense negotiations during April 17-22, 1989, EC agricultural ministers finally agreed to the 1989/90 package of price proposals and related measures. The final compromise package was unanimously approved on April 23 and endorsed by EC Agricultural Commissioner Ray MacSharry. The final package differs only slightly from the set of compromise proposals submitted on April 17 by Spain (the EC President for January-June 1989) to break the logjam over the original set of proposals submitted by the EC Commission in January. The final package contains the freeze in intervention prices for most commodities as originally proposed by the Commission but contains concessions in other areas including the operation of the intervention system and agrimonetary measures.

While the agricultural ministers had generally supported the EC Commission's original proposal to freeze most intervention prices at the previous year's levels, they found it difficult to accept the additional disciplines included in the EC Commission's original proposals as they felt that the automatic stabilizer mechanisms and other reform measures enacted in the previous year had gone far enough. A similar position taken by the EC at the April GATT talks in Geneva made it difficult to exact any further disciplines from the agricultural sector.

### The Commission's Original Proposals

On January 18, 1989, Commissioner MacSharry submitted the package of proposed agricultural prices and related measures for the 1989/90 marketing year to the EC Commission. The package was quickly approved by the 17 commissioners and submitted to the Council of Agricultural Ministers for their review. The goal was to have the price package adopted at the Farm Council meeting in Luxembourg on April 17-18.

The original package was designed to reflect the more restrained price policy of recent years, the reduced role of the intervention system in regulating agricultural markets, and was supposed to complement the automatic stabilizers that were introduced in 1988. The principles guiding this year's price package were:

- The greater role of the market in determining production.
- Maintenance of quality and diversification of production.
- Adherence to budget discipline in carrying out the CAP.

The primary features of the policy measures submitted by the Commission last January were:

- Support prices would be frozen for most commodities in European Currency Units (ECUs) at the previous year's levels but would be cut for durum wheat, sugar, red wine, and some citrus fruits.
- The intervention system for cereals, oilseeds and protein crops would be weakened (fewer months to sell and smaller monthly price increases) to better reflect its intended role as a safety net for producers.
- A number of agrimonetary measures would be undertaken to phase out the current system of internal border taxes and subsidies by the end of 1992.

The net effect of the 1989/90 price proposals (excluding adjustments for stabilizer mechanisms) would be a 0.2-percent cut in agricultural prices in ECUs, but a 0.6-percent rise in national farm prices after adjustment for green rates of exchange which are used to convert prices in ECUs to national currencies. The price adjustments in ECUs are comparable to changes during the past 3 marketing years while prices in national currencies have shown a slight increase but considerably below price increases during the early 1980's.

The actual support prices that would be applied in some sectors would be reduced by the stabilizer mechanism. Grain support prices for 1989/90 would be cut by 3 percent from the final level agreed upon because 1988 production exceeded the maximum guaranteed quantity of 160 million tons. Prices for 1988/89 were cut 7.7 percent for rapeseed and 10.4 percent for sunflower seed and could be cut again for 1989/90 if production exceeds the maximum guaranteed quantities.

#### ***Reaction of EC Farm Groups to the Proposed Package***

Shortly after the release of the EC Commission's 1989/90 price proposals, the EC Farmer's Association (COPA) and the EC Cooperatives Association (COGECA) rejected the package. The EC farm organizations claimed that the package, which was presented by the Commission as merely a price freeze, would instead cut prices sharply in a number of sectors because of measures (primarily stabilizers) approved by the EC Council in 1988. They found the Commission's proposals particularly unacceptable in light of the price cuts induced by the recently implemented stabilizers "without reciprocal measures being taken by our GATT partners." They also pointed to lack of Council action on other areas of interest to the EC farm groups, including support for non-food use of agricultural commodities, limits on imports of "cereal substitutes," and the program to subsidize the use of grains in animal feeds (see special article on "The EC's Cereal Incorporation Scheme").

The EC farm groups criticized the EC authorities on their proposed measures and lack of progress on other areas given:

"the ever-widening gap between farmers' incomes and those in other sectors, the upturn in farm costs and inflation, the reduction in the level of stocks and the improvement in the market situation as well as in agricultural expenditure."

They refused any weakening of the current support system for agriculture and instead called for a price increase for most commodities in ECU terms (implying an even larger increase in national currencies) and asked the EC Council and Parliament to reject the Commission's proposals.

#### ***EC Agricultural Council's Reactions To the Price Package***

The EC Agricultural Council, made up of agricultural ministers from each of the 12 member countries, met February 13-14, 1989, to deliberate over the Commission's price package for 1989/90. Since there was not enough time for a detailed analysis of proposals, the agricultural ministers simply gave their initial overall reaction and deferred any detailed discussions to the March meetings of the Agricultural Council.

There was varied support for most of the Commission's initial proposals with the United Kingdom, the most pleased, and West Germany, the strongest opposed. Most countries agreed, in principle, with the Commission's proposal to freeze support prices for most commodities but rejected the idea of weakening the intervention system through cuts in monthly storage subsidies or the delivery period. The UK stood alone in supporting the cut in the intervention period but rejected the proposed cuts in monthly storage subsidies.

#### ***Details of the Final 1989/90 Price Package***

##### ***Cereals and Rice***

The agricultural ministers approved the Commission's original proposal to freeze intervention prices for all cereals, except durum wheat, at their 1988/89 levels (table 1). The intervention price for durum was reduced 5.52 percent to continue the process of aligning its price with that of common wheat.

The period during which EC farmers can deliver grain into intervention was reduced by 1-month (except rice) instead of the 2-month cut (staged over 2 years) proposed by the Commission. The intervention period for cereals other than rice will be:

- August 1-April 30 for southern countries (Greece, Italy, Portugal, and Spain).
- November 1-May 31 for northern countries (Belgium, Denmark, France, Ireland, Luxembourg, Netherlands, West Germany, and the United Kingdom).

The intervention period for rice will be January 1 to July 31.

Table 1--EC agricultural policy prices, 1988/89 and 1989/90

Product	Type of price	Period	1988/89	1989/90	Change
			---- ECUs per ton ----		Percent
Soft wheat	target	7/1/89 - 6/30/90	250.30	247.78	-1.01
	intervention (bread)		179.44	179.44	0
	intervention (feed)		170.47	170.47	0
Durum wheat	target	9/1/89 - 8/31/90	334.91	315.39	-5.83
	intervention		276.34	261.09	-5.52
	aid/ha		137.05	158.98	16.00
Barley	target	7/1/89 - 6/30/90	228.00	225.48	-1.11
	intervention		170.47	170.47	0
Corn	target	7/1/89 - 6/30/90	228.00	225.48	-1.11
	intervention		179.44	179.44	0
Sorghum	target	7/1/89 - 6/30/90	228.00	225.48	-1.11
	intervention		170.47	170.47	0
Rye	target	7/1/89 - 6/30/90	228.00	225.48	-1.11
	intervention		170.47	170.47	0
Rice	target (husked)	9/1/89 - 8/31/90	549.85	546.88	-0.54
	intervention (paddy)		314.19	314.19	0
	aid/ha		330.00	300.00	-9.09
Sugar	basic, beet	7/1/89 - 6/30/90	40.89	40.07	-2.0
	intervention, white		541.80	531.00	-2.0
Rapeseed	target	7/1/89 - 6/30/90	450.20	450.20	0
	intervention		407.60	407.60	0
Sunflower	target	8/1/89 - 7/31/90	583.50	583.50	0
	intervention		534.70	534.70	0
Soybeans	guide	9/1/89 - 8/31/90	558.50	558.50	0
	minimum		489.40	489.40	0
Olive oil	production target	11/1/89 - 10/31/90	3,225.60	3,225.60	0
	intervention		2,162.40	2,162.40	0
	production aid		709.50	709.50	0
Dried fodder	guide	5/1/89 - 4/30/90	178.92	178.92	0
Peas and beans	activating	7/1/89 - 6/30/90	447.60	447.60	0
	guide		295.20	295.20	0
	minimum, peas		257.70	257.70	0
	minimum, beans		248.60	238.70	-4.0
Lupins	activating	7/1/89 - 6/30/90	430.50	430.50	0
	minimum		289.00	289.00	0
Dairy	milk target	4/1/89 - 3/31/90	278.40	278.40	0
	butter intervention 1/		3,132.00	3,008.00	-2.00
	SMP intervention		1,740.40	1,740.40	0
	cheese intervention:				
	Grana padano				
	- 30 - 60 days		3,889.30	3,889.30	0
	- 6 months		4,803.30	4,803.30	0
	Parmigiano-Reggiano				
Beef and veal	- 6 months	4/6/89 - 4/3/90	5,291.90	5,291.90	0
	adult cattle				
	- guide (liveweight)		2,050.20	2,050.20	0
	- intervention (deadweight)				
	R3 cat. A		3,440.00	3,440.00	0
	R3 cat. C		3,440.00	3,440.00	0
Sheepmeat	basic (slaughter wt.)	1/6/89 - 1/3/90	4,323.20	4,323.20	0
Pigmeat	basic (slaughter wt.)	7/1/89 - 6/30/90	2,033.30	2,033.30	0
Flax	guide (seed)	8/1/89 - 7/31/90	554.10	554.10	0
	aid/ha (textile)		355.09	357.00	0.54
Hemp	aid/ha	8/1/89 - 7-31-90	322.48	340.00	5.43
	aid for hempseed (ha)		250.00	250.00	0
Silkworms	aid/box	4/1/89 - 3/31/90	112.00	112.00	0
Cotton	guide	9/1/89 - 8/31/90	960.20	960.20	0
	minimum		912.30	912.30	0
Fruits and vegetables	basic 2/		3/	3/	0 to -7.5
Table wine	guide	9/1/89 - 8/31/90			
	RI (ECUs/degree hl)		3.35	3.27	-2.50
	RII (ECUs/degree hl)		3.35	3.27	-2.50
	RIII (ECUs/hl)		52.23	52.23	0
	AI (ECUs/degree hl)		3.11	3.17	2.00
	AII (ECUs/hl)		69.60	69.60	0
	A:II (ECUs/hl)		79.49	79.49	0
Raw tobacco	Price	(1989 harvest)	3/	3/	0
	Premium		3/	3/	0

1/ Additional to the 2% reduction applied under the "SLOM" milk quota arrangements.

2/ All prices remained unchanged except for mandarins and sweet oranges (-7.5 percent).

3/ Prices for specific commodities or varieties not listed.

Source: Commission of the European Communities. "Commission Proposals on the Prices for Agricultural Products and Related Measures." Com (89) 40, Brussels, Jan. 31, 1989; Agra Europe, May 5, 1989; and Toepfer International, May 3, 1989.

The monthly increases in the intervention price, designed to spread deliveries of grain throughout the year, were cut 12.5 percent from their 1988/89 levels, compared with the 25-percent reduction recommended by the Commission. A similar change was made regarding the application of monthly increases to the target and threshold prices.

To offset the negative income effects on durum wheat producers from the reduction in the intervention price, the EC Commission had proposed a 11.13-percent increase in the production aid (from 137.05 to 152.30 ECUs per hectare). However, Spain's compromise proposal increased the aid to 158.98 ECUs per hectare (+16 percent), which was approved by the EC agricultural ministers. The Commission views durum wheat as a crop of "less-favored regions" and provides direct payments (aids) to certain economically disadvantaged regions in France, Greece, Italy and Spain. The purpose of the aid is to encourage durum wheat production in these areas.

The basic coresponsibility levy (producer tax) for cereals for the 1989/90 crop year will remain at 3 percent of the intervention price for soft breadmaking wheat. Since the effective intervention prices for soft wheat in 1989/90 will only be 97 percent of the official intervention price because of the automatic stabilizer mechanism <sup>1</sup>, the basic coresponsibility levy amounts to 5.22 ECUs per ton (179.44 ECUs x 97% x 3%).

In the case of rice, the EC had implemented a varietal conversion scheme to encourage the growing of Indica rice beginning with the 1988 harvest. The scheme was to last for 5 years. Given the strong response by producers to the program and the desire to make producers more oriented to the market than to Community support, the production aid for Indica rice will be reduced 9.09 percent (from 330 to 300 ECUs per hectare).

### ***Oilseeds***

The Commission's original proposal to fix intervention and target prices for rapeseed, sunflower seed, and soybeans at their 1988/89 levels was approved. Policy prices for Spain will continue to be aligned (increased) with the prices of other EC countries. However, the agricultural ministers rejected the EC proposal to cut the intervention period by 3 months (1 month in 1989/90 and 2 months in 1990/91) and instead approved the same schedule agreed to for cereals.

The Commission also proposed that the aid for soybeans be fixed in advance on the basis of forward prices on the world market. However, provisions would also be made to suspend the advanced fixing of aid if developments on the

world market (e.g., large price movements or exchange rate changes) warrant it.

After the 1990 and 1991 plantings, the Commission must report to the EC Council the effects of the oilseeds stabilizers on cropping patterns. This reflects the agricultural ministers' concerns that the sharp price cuts exacted by the oilseed stabilizers might encourage a movement back into cereals and further aggravate the surplus situation for grains.

### ***Protein Crops***

The Commission proposed that the policy prices for peas and sweet lupins be maintained at their 1988/89 levels while the price of field beans be cut 5.59 percent. The final agreement froze support prices for peas and lupins and cut field bean prices only 4 percent. The cut in field bean price was in recognition of its lower protein content compared with peas and the associated problems of getting rid of surpluses. Narrowing the gap between the prices of peas and field beans should better reflect their nutritional value in livestockfeed. Prices in Spain will be the same as the rest of the Community except for sweet lupins which will be increased 1.63 percent.

### ***Sugar***

The basic price for sugarbeets will be reduced 2 percent beginning October 1, 1989, which amounts to an effective reduction of 1.7 percent for the 1989/90 (July/June) marketing year. The delay in the start of the price reduction until October is to avoid depreciating the EC's sugar stocks. This represents a considerable compromise from the EC Commission's proposed 5-percent cut in sugar prices to encourage producers to cut surpluses. The Commission also justified the proposed price cut because of lower production costs (energy and interest rates), to keep sugar competitive with other sweeteners, and to encourage nonfood outlets for sugar. The EC Council and Commission also agreed that the manufacturing margin for refiners of raw sugar shall not be reduced by a greater percentage than the margin available to the processors of beet sugar into white sugar.

Other decisions on sugar: national aids provided by Italy for the 1989/90 marketing year will be maintained at 90 percent of the overall financial commitment already authorized for 1988/89, will drop to 80 percent for 1990/91, and will be phased out by 1992. National aids to the overseas territories will be maintained at their 1989/90 levels until adoption of new measures under the Poseidon Program.

The debate over the Commission's sugar proposals was one of the more contentious and one of the last to be resolved. France was the only member state that supported the Commission's original proposed 5-percent price cut which was designed to maintain appropriate relative prices with grains and oilseeds which experienced price cuts as a result of the stabilizer mechanisms. The United Kingdom was con-

<sup>1</sup> Since EC cereal production for 1988/89 exceeded the 160 million ton maximum guaranteed quantity, intervention prices in 1989/90 will be cut 3 percent from the official price level.

cerned how the Commission planned to compensate the 66 African, Caribbean, and Pacific (ACP) countries with which the EC has special trading relationships. West Germany opposed making any changes outside of the overall reform of the sugar regime which is not scheduled until 1991. The agricultural ministers also pointed to Agricultural Commissioner MacSharry's position in the April GATT talks that the EC had already made significant reforms since 1984 and that no new concessions should be made until the EC receives credit for these reforms.

### ***Dairy and Livestock***

Negotiations over the dairy measures were also lively because of strong political pressure from a number of EC member states, particularly France, to ease milk quotas, given the current conditions of strong prices and reduced budget expenditures.

The compromise package agreed to by the agricultural ministers includes decisions on the coresponsibility levy for milk (used to discourage overproduction and help with the cost of surplus disposal) and the intervention price for butter. The coresponsibility levy for milk production over quota was set as follows:

- Reduced from 0.5 to 0 percent for producers in "less-favored" regions.
- Reduced from 1.5 to 1.0 percent for producers with less than 60 tons of milk (actual quota) in other EC regions.
- Reduced from 2.0 to 1.5 percent for producers with over 60 tons of milk (actual quota) in other EC regions.

The reductions in the coresponsibility for milk (and, therefore, less revenue for administering dairy disposal schemes) were accompanied by a 2-percent cut in the intervention price of butter (reduced budget costs) in order to maintain budget neutrality in operating the dairy program.

The EC Council and Commission noted that these measures represent the first stage of a process to dismantle the coresponsibility levy. The Commission will make additional proposals for the next phase of this process for the 1990/91 marketing year. Other proposals by the EC Commission included a freeze in the target price for milk and the intervention prices for skim milk powder and Italian cheeses at their 1988/89 levels.

Policy prices for other livestock products (beef/veal, sheepmeat and pigmeat) were frozen in ECUs at their previous levels.

### ***Fresh Fruits and Vegetables***

The Commission is required to propose basic and buying-in prices each year for various fresh fruits and vegetables (tomatoes, cauliflower, eggplant, apples, pears, peaches, nectarines, table grapes, citrus fruit and apricots).

The final agreement reached by the agricultural ministers calls for a freeze in the basic and buying-in prices for most fresh fruit and vegetable products at their 1988/89 levels except for oranges and mandarins, which are to be cut 7.5 percent. This differs only slightly from the Commission's original set of proposals which called for a 15-percent reduction over a 2-year period in the basic and buying-in price for oranges.

In regard to the withdrawal/processing system for citrus fruit, all varieties of oranges withdrawn from the market can go into juice processing. In the case of certain citrus fruits (satsumas and clementines), products withdrawn from the market can be admitted for processing into segments and juices. The Commission must also present to the Council proposals for calculating the financial aid paid to citrus processors which take better account of price fluctuations of imported citrus products.

In the case of apples, the intervention threshold for the 1989/90 marketing year has been set at 6 percent of the average annual production for the fresh market for the previous 3 marketing years, declining to 4 percent for 1990/91 and 3 percent for 1991/92. Prior to the end of 1990/91 marketing year, the Commission will evaluate the apple market to determine the appropriate intervention threshold for 1991/92. The Commission will also undertake a survey of varietal structure and conversion before the Council decides on a grubbing-up premium for apple trees that the Commission had originally proposed.

For table grapes, the timetable for fixing the basic and buying-in prices was extended until November 21.

### ***Processed Fruits and Vegetables***

The Commission sets minimum prices for growers of the raw materials, provides aid to processors, and establishes guarantee thresholds and quotas for certain fruits and vegetables (dried grapes, pears, peaches and tomatoes). Measures agreed to in the 1989/90 price package include:

- Guarantee thresholds and quotas are set at their 1988/89 levels.
- Peaches and pears in their own juice will be entitled to processing aids within their existing thresholds.

- The financial aid program for canned pineapple in syrup from foreign territories is extended for the 1989/90 marketing year.
- Portugal is authorized to transfer 20,000 tons from its tomato concentrate quota (682,945 tons) to the quota for other tomato products (2,192 tons).

### Cotton

Each year, the Council fixes a guide (or target) price and a minimum producer price to support cotton production in EC member states where it is important to the economy. A maximum guarantee quantity of 752,000 tons was established for cotton for the 1988/89 marketing year. The Commission, in its 1989/90 price package proposal, had called for a freeze in the guide price and the minimum producer price (960.20 ECUs and 912.30 ECUs per ton, respectively) and the maxi-

mum guarantee quantity at their 1988/89 level. The Council has asked the Commission, with the cooperation of the cotton-producing member states, to report prior to August 1, 1989, the situation of small producers and to propose market regulations for the 1989/90 season.

### Agrimonetary Measures

The 1989/90 price package also provided for adjustments to the EC's agrimonetary system, the mechanism for converting EC policy prices into national currencies of individual member countries. The EC agricultural ministers approved a plan to dismantle the real monetary gaps (the divergence between the green currency rates and the central currency rates) in stages for most member countries with the goal of total elimination of the system by 1992. Dismantling the real monetary gaps results in a corresponding reduction in the monetary compensatory amounts (MCAs), the system of

Table 2--Agrimonetary measures, 1989/90 price package

Commodity/Country	New MCAs	Old MCAs	Green rate change	Effect on price
Grains, oilseeds, sugar, peas, beans				
Belgium/Luxembourg	--	--	--	--
Denmark	--	--	-0.990	1.0
France	0	-2.0	-1.477	1.499
Greece	-2.0	-18.5	-13.754	15.947
Ireland	0	-2.1	-1.511	1.534
Italy				
grains, oilseeds	0	-2.7	-2.271	2.324
sugar, peas, beans	0	-1.6	-1.784	1.816
Netherlands	--	--	--	--
Portugal	--	--	-2.081	2.125
Spain				
oilseeds	--	--	0.861	-0.854
grains, sugar, peas, beans	--	--	--	--
United Kingdom	-2.6	-6.6	-3.751	3.898
West Germany	--	--	--	--
Dairy products, beef, pigmeat				
Belgium/Luxembourg	--	--	--	--
Denmark				
pigmeat	--	--	--	--
beef, milk	--	--	-0.990	1.0
France				
milk	0	-2.0	-1.477	1.499
pigmeat	--	--	--	--
beef	--	--	-0.528	0.531
Greece				
beef, milk	-18.3	-34.8	-12.108	13.776
pigmeat	0	-16.3	-13.987	16.262
Ireland				
milk	0	-2.0	-1.422	1.442
pigmeat	0	-2.0	--	--
beef	0	-2.0	-1.961	2.0
Italy				
pigmeat	--	--	--	--
beef, milk	0	-1.6	-1.784	1.816
Netherlands				
milk	--	--	0.873	-0.866
livestock products	--	--	0.348	-0.347
Portugal				
pigmeat, beef, milk	--	--	-2.081	2.125
Spain				
beef, milk, pigmeat	--	--	--	--
United Kingdom				
milk	-1.8	-5.0	-3.069	3.167
pigmeat	--	--	-0.421	0.422
beef	0	-1.2	-2.642	2.714
West Germany				
milk	--	--	1.505	-1.483
livestock products	--	--	0.450	-0.448

'--' indicates no change.  
MCA = monetary compensatory amount.

Source: Commission of the European Communities; and Knight-Ridder MoneyCenter News, Apr. 1989.

border taxes and subsidies between member countries designed to prevent trade distortions caused by currency fluctuations.

Table 2 summarizes adjustments to the MCAs, green rates and the effect on support prices as a consequence of the agrimonetary decisions in the 1989/90 price package. For MCAs on crops, there are no changes for West Germany, the Netherlands, Belgium, Luxembourg, Denmark, Portugal and Spain; a partial dismantling for the United Kingdom and Greece; and a total dismantling for France, Ireland and Italy. For MCAs on livestock products, there are no changes for West Germany, the Netherlands, Belgium/Luxembourg, Denmark, Spain and Portugal; a partial dismantling for MCAs on milk in the United Kingdom and Greece; and beef in Greece; and a total dismantling of MCAs for milk in France, Ireland and Italy; beef in the United Kingdom, Ireland and Italy; and pigmeat in Ireland and Greece.

Adjustments to green rates of exchange indicate devaluations (negative changes) for all countries except West Germany, the Netherlands, Spain, Belgium, and Luxembourg. Devaluations in green rates result in increases in policy prices when converting from ECUs to national currencies and vice versa. The net effect on guaranteed prices in each country includes:

- Small price cuts for oilseeds in Spain and livestock products in West Germany and the Netherlands.
- No price changes for crops in West Germany, the Netherlands, Belgium/Luxembourg and Spain (except oilseeds) or for livestock products in Belgium/Luxembourg and Spain.
- Slight price increases for crops and livestock products in France, Denmark, the United Kingdom, Ireland, Italy and Portugal.
- Large price increases for both crops and livestock products in Greece.

Thus, while the 1989/90 price negotiations froze most policy prices in ECUs, changes in green rates led to net price increases in national currencies for the majority of EC member countries. [Walter H. Gardiner (202) 786-1615]

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## EC Expenditures on Agricultural Support

The European Community spent 26.40 billion European currency units (ECUs) (or \$31.25 billion) in 1988 on agricultural support (table 3). This represents a savings of 1.1 billion ECUs, or 4 percent of the 27.5 billion ECUs appropriated at the beginning of 1988. The budget savings were due primarily to mid-year increases in world grain and oilseeds prices resulting from the North American drought which meant reduced deliveries of commodities into intervention by EC farmers and lower export refunds. The savings on EC subsidy costs will be used to supplement appropriations for 1989.

Comparison of budget expenditures in 1988 as well as 1987 with earlier years is difficult because of decisions made by the EC Commission to deal with overspending in those years. Because of higher export subsidies and payments to new members, Spain and Portugal, the EC had overspent its budget by October 1987, causing the last 2 months of farm spending to be carried into 1988. At the February 1988 Summit in Brussels, the EC Commission decided to further delay payments to member states an additional 2 weeks so that expenditures incurred between October 15 and December 31, 1988, could be counted against the 1989 budget. Had it not been for the 1988 drought and the decision to delay payments, the EC may have faced a severe budget crisis in 1988.

During 1988, there were considerable transfers of credit between sectors to stay within the budget limits. Budget savings in the grains, oilseeds, fruits/vegetables and the beef sectors were used to offset increased expenditures primarily for the dairy and sheep sectors. Budget outlays in the dairy sector reached 5.91 billion ECUs in 1988, 4 percent more than appropriated, while the grains sector received 4.34 billion ECUs in support in 1988, a 2-percent savings. Expenditures on oils and fats (oilseeds and olive oil) totaled 3.92 billion ECUs in 1988, 15 percent less than what was allocated. The automatic stabilizer mechanism for the oilseed sector appears to have slowed the fastest growing part of the EC budget. Sharply higher world prices for soybeans as a result

Table 3--EC agricultural support spending by commodity and economic type

	1980	1981	1982	1983	1984	1985	1986	1987	1988 1/	1988 2/	1989 1/
----- Million ECUs -----											
Grains 3/ Export refunds Intervention	1,728 1,219 509	1,943 1,224 720	1,875 1,106 769	2,534 1,593 941	1,698 945 753	2,361 1,113 1,248	3,486 1,804 1,682	5,110 3,685 1,425	4,440 NA NA	4,337 NA NA	4,086 NA NA
Sugar Export refunds Intervention	575 286 289	768 409 358	1,242 744 498	1,316 758 558	1,632 1,190 442	1,805 1,353 452	1,725 1,238 487	2,452 1,870 582	2,010 NA NA	2,082 NA NA	2,051 NA NA
Oils and fats Export refunds Intervention	687 4 684	1,025 8 1,017	1,214 13 1,201	1,621 13 1,608	1,752 9 1,744	1,803 23 1,780	2,632 32 2,600	4,595 93 4,501	4,601 NA NA	3,915 NA NA	4,709 NA NA
Dairy Export refunds Intervention	4,752 2,746 2,006	3,343 1,886 1,456	3,328 1,521 1,806	4,396 1,327 3,069	5,442 1,943 3,498	5,933 2,028 3,905	5,406 2,155 3,251	6,022 2,823 3,199	5,662 NA NA	5,910 NA NA	4,720 NA NA
Meat, poultry and eggs Export refunds Intervention	1,618 893 725	1,867 1,042 825	1,626 844 782	2,310 1,072 1,239	3,246 1,620 1,627	3,477 1,505 1,972	4,348 1,387 2,961	3,902 1,374 2,528	4,186 NA NA	4,180 NA NA	4,507 NA NA
Fruits and vegetables Export refunds Intervention	687 41 646	641 43 598	914 60 855	1,196 58 1,138	1,455 59 1,396	1,231 75 1,156	986 77 909	1,121 72 1,049	1,091 NA NA	708 NA NA	1,221 NA NA
Other products Export refunds Intervention	969 264 705	1,316 327 990	1,894 477 1,417	2,057 399 1,658	2,772 438 2,334	2,908 491 2,417	3,015 546 2,469	3,798 784 3,014	4,413 NA NA	4,318 NA NA	4,488 NA NA
Total market organization	11,016	10,903	12,093	15,431	17,996	19,517	21,598	26,999	26,403	25,450	25,782
Monetary support Other compensation	299 0	238 0	313 0	489 0	376 0	190 136	482 114	718 6	516 581	564 381	415 544
Total agricultural support	11,315	11,141	12,406	15,920	18,372	19,843	22,193	27,723	27,500	26,395	26,741
Exchange rate (\$/ECU)	1.3923	1.1165	0.9797	0.8902	0.7890	0.7631	0.9837	1.1543	1.1543	1.1838	1.1262 4/
Total agricultural support (million \$)	15,753	12,439	12,154	14,172	14,495	15,142	21,831	32,000	31,743	31,246	30,116

NA = not available.

1/ Appropriations.

2/ Jan.- Oct. 14, 1988; remainder of year budgeted against 1989.

3/ Includes rice.

4/ Average of rates for Jan.- Mar. 1989

Source: Herlihy, M., S. Magiera, R. Henry and K. Bailey. Agricultural Statistics of the European Community, 1960-85. Statistical Bulletin No. 770. U.S. Dept. Agr., Econ. Res. Serv., Jan. 1989; and Commission of the European Communities.

of the U.S. drought also cut the size of processing subsidies for EC oilseeds.

The EC adopted the 1989 budget in mid-December 1988, almost 6 months ahead of last year's deliberations. Appropriations for agricultural support are to decline 3 percent to 26.74 billion ECUs (\$30.12 billion) and are nearly 7 percent below the legal budgetary limit of 28.62 billion ECUs (\$32.24 billion) established at the February 1988 EC Summit. Continued strong world commodity prices in 1989, along with a freeze in EC support prices, are cited for the favorable budget outlook.

Expenditures for grains are forecast to fall in 1989 due to lower export subsidies and storage costs as well as an increase in the producer coresponsibility levy. While spending on total oils and fats is expected to increase, expenditures for oilseeds are expected to drop because of lower processing subsidies which are based on the difference

Figure 10

## EC Agricultural Support by Economic Type

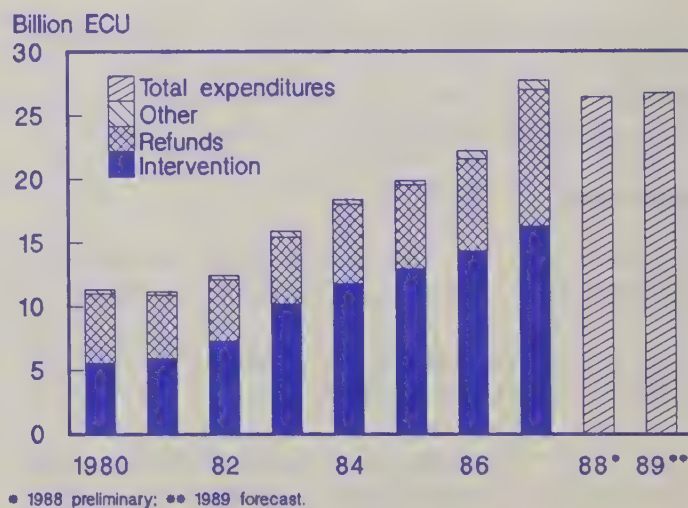
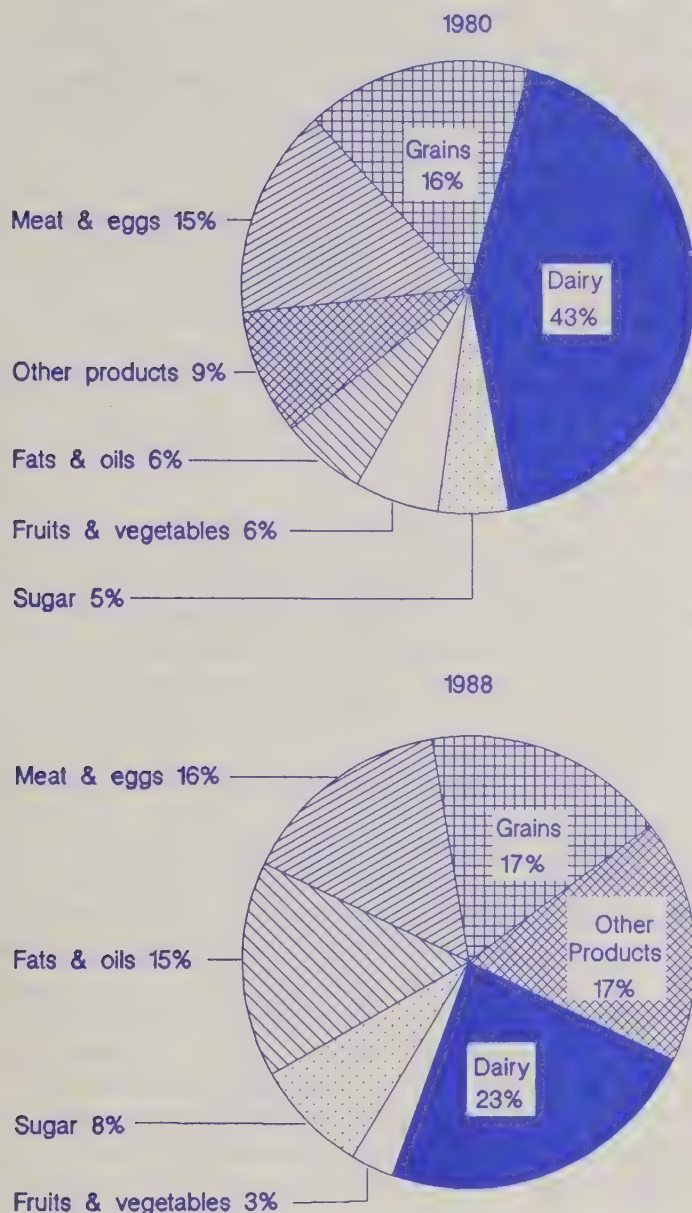


Figure 11

**EC Agricultural Support by Commodity**

between domestic and world oilseed prices. The dairy sector is also forecast to require less support in 1989 as sharply reduced intervention stocks of butter and skimmed milk powder will cut storage costs. Except for a slight decline in expenditures in the beef sector, outlays for other animal sectors (especially sheep) are expected to be up significantly in 1989 (Home Grown Cereals Authority).

A breakdown of agriculture expenditures by economic type indicates the increased role of intervention measures relative to export refunds since 1980 (figure 10). Expenditures on intervention measures (storage, stock disposal, production refunds and processing subsidies) increased from 5.56 billion ECUs in 1980 (49 percent of the total) to 16.30 billion ECUs (59 percent) in 1987. During this same period, export

refunds rose from 5.45 billion ECUs (48 percent of total) to 10.70 billion ECUs (39 percent). Other expenditures (compensation for exchange rate changes, direct income support, distribution of products to the needy, and interest to certain member states) have accounted for 2 to 3 percent of EC agricultural support since 1980. Oils and fats accounted for around 27 percent of total EC intervention expenditures in 1987, followed by dairy (20 percent), beef and veal (9 percent), and grains (8 percent). As for export refunds, grains accounted for about 33 percent of the total in 1987, followed by dairy (24 percent), sugar (16 percent), and beef and veal (9 percent).

The breakdown of EC agricultural support by commodity reveals some significant adjustments in budget shares between 1980 and 1988 (figure 11). The most notable change has been the sharply reduced share going to the dairy sector (from 43 to 23 percent) and the substantially larger shares going to fats and oils (from 6 to 15 percent) and other products (9 to 17 percent). Other products include wine, tobacco, protein plants (field peas, field beans and lupins) and certain processed food products. Budget shares increased slightly for grains, sugar and meat/eggs and declined slightly for fruits and vegetables.

[Walter H. Gardiner and Michael T. Herlihy (202) 786-1615]

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**EFTA and EC Relations**

The European Free Trade Association (EFTA) was established in 1960 as a duty-free trade zone. Rather than joining the EC, the current EFTA members—Austria, Switzerland, Sweden, Norway, Finland and Iceland—preferred a more loosely knit organization that did not impinge on national autonomy. Strict adherence to neutrality was critical for Finland and Sweden, while the preservation of national identity was an important factor for a small country like Norway.

Over the years, trade between the EC and EFTA countries increased rapidly. In 1984, an 18-country "free trade area" was finally completed, removing all tariffs and quotas on

industrial goods. Considerable legal and other regulatory obstacles, however, remain between the two trading blocs.

Today, EFTA is the EC's largest trading partner. Almost a quarter of the EC's exports go to EFTA, equaling its combined sales to the United States and Japan. More than half of EFTA's exports go to the EC. Together, EFTA and the EC form the world's largest trade zone.

### Agricultural Policies and EFTA

The EFTA countries are becoming increasingly aware of the need for more market-oriented domestic agricultural sectors. Because farmers in EFTA countries have been highly subsidized for a number of years, this has led to overproduction in most countries of one or more of the basic agricultural commodities. This has entailed disposal of these surpluses on world markets at high cost. EFTA agricultural policies, therefore, are aimed at bringing domestic production more in line with domestic consumption.

While the central focus of current agricultural policies in most EFTA countries is on reducing surpluses, the method of achieving this objective varies according to the country. In Sweden, farmers must accept world prices when exporting milk, beef, and pork, so there is no surplus in those sectors. To help solve the grain surplus, there is a set-aside program. Large exportable supplies of grains have long been a headache for Sweden's policy makers. The surpluses are attributable to excess land under cultivation. A government grain committee has estimated that about 400,000 hectares will be producing surplus grains in 1990. Because of increased productivity, the surplus area is estimated to increase to 800,000-900,000 hectares by the turn of the century.

Finland has established production ceilings for milk and export ceilings for meat, eggs, and grain. Export costs for marketing production above the ceilings are borne by producers. Proposed ceilings for 1990 are to be lowered considerably. In addition, a grain set-aside program is to be introduced in 1989.

In Austria, overproduction of beef and pork, requiring the payment of large export subsidies, has prompted the Austrian Agricultural Ministry to vigorously oppose the use of anabolic hormones and other production enhancing technology.

Norwegian efforts to curb milk production have been relatively successful. The modest amount in excess of domestic demand is made into butter and sold at world market prices.

In Switzerland, high farm prices have led to intensive Swiss production with resultant problems of pesticide and animal waste pollution, and land degradation.

In a series of proposals to the current GATT round, the Scandinavian countries—Finland, Norway, Sweden and Iceland—called for cuts in agricultural support, and the elimination of trade barriers. These proposals advocate the adoption of measures to prevent an increase in surpluses, and to correct market imbalances. The four countries advocate a reduction of guaranteed prices, or other types of production disincentives.

The Scandinavian document also invites participants in the Uruguay Round to reduce import protection, regardless of whether this protection is through customs duties, import levies or quantitative restrictions. Finally, the four countries emphasize the need to minimize the unfavorable consequences on trade resulting from hygiene and plant health regulations.

### EFTA and Europe 1992

As the EC moves toward 1992, with the removal of all internal restrictions on the movement of goods, services, and capital, the EFTA countries fear the loss of investment and jobs to the EC. The large, unrestricted EC market is expected to increase the incentives for foreign corporations—U.S., Canadian, or Japanese—to invest in the EC. Even firms domiciled in EFTA countries would likely prefer to invest in the EC, rather than in their own small domestic markets.

EFTA, therefore, is seeking an agreement with the EC before 1992. There are only two ways for the EFTA countries to achieve close cooperation with the EC: full membership in the EC, or a viable multilateral arrangement through EFTA. EFTA members, however, continue to be divided in their approach to the problem. The Scandinavian countries favor a customs union that would oblige EFTA countries to coordinate commercial policy with the EC in broad international trade negotiations. Switzerland, however, is opposed to a customs union, and Austria is expected to apply for EC membership later this year. [Ruth Elleson (202) 786-1610]

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## Commodity Market Highlights and Policy Developments

### Grains

The EC accounts for about 12 percent of world grain production, 14 percent of exports and 3 percent of imports. The principal grains produced in the EC are soft (common) wheat, barley, and corn. While the EC has exceeded self-sufficiency for wheat (124 percent) and barley (117 percent), it is slightly less than self-sufficient in corn (93 percent).

#### *EC Grain Production Resumes Upward Trend*

Substantially improved yields offset a slightly reduced area in 1988, leading to the second largest EC grain harvest on record. The increase occurred despite attempts to curb production with the coresponsibility levy and the newly implemented stabilizer program. Although certain parts of the United Kingdom experienced cool, wet weather in late August and early September, overall growing conditions in the EC's major grain producing countries were mostly favorable. The generally good weather helped boost yields almost 7 percent, as both the size and quality of the grain harvest improved from a year earlier.

After declining in 1985 and 1986 and increasing only marginally in 1987, grain production resumed its long-term upward trend in 1988 (figure 12). EC-12 production climbed to 163.4 million tons, nearly 10 million tons over a year earlier, but still 6 percent below the record harvest of 1984. Wheat production reached 74.7 million tons (up 5 percent) in spite of a 3-percent decline in area. Coarse grain production rose to 88.7 million tons (up 8 percent) due to larger barley output and a record corn crop.

USDA forecasts that grain area will rise slightly in 1989, with an increase in area planted to wheat offsetting a drop in

coarse grain area. Wheat area is projected to rise by 5 percent over this year's level, with significant increases expected in France (the EC's largest grain producer), the United Kingdom, and Denmark. EC farmers have started switching land back from rapeseed and protein crops to wheat, following lower returns for oilseeds and protein crops due to reduced yields and sharp cuts in policy prices in 1987/88 and 1988/89 as part of their stabilizer programs. EC grain production for 1989 is forecast by USDA at 160.6 million tons, down 2 percent from last year. The main reason for the decline is the continued dry weather that has affected grain producing regions of the Community. The wheat crop is estimated at 77.8 million tons, up 4 percent from 1988 due to increased area. Output of coarse grains is projected to fall by 6 percent, to 82.8 million tons, as production of both barley and corn is expected to decline.

#### *Grain Consumption Up Slightly*

Grain consumption is forecast to increase nearly 4 percent in 1988/89 to 142.0 million tons. Use of grain for feed, which represents about 60 percent of consumption, is expected to account for most of the increase as compound feed manufacturers and livestock producers respond to abundant domestic supplies and higher world prices for soybeans and certain nongrain feeds by feeding more domestically produced grains. Human consumption of grain, which currently accounts for about 26 percent of domestic use, is expected to increase slightly in 1988/89 due in part to an upward trend in oats consumption. As European consumers become more health conscious, the demand for health food products made from oats has been increasing. Industrial uses of grain (starch, ethanol, brewing, etc.) and seed use, which combined account for about 11 percent of consumption, are expected to show only limited growth.

#### *EC Grain Exports To Reach Record*

EC grain exports (excluding intra-EC trade) are forecast to increase sharply in 1988/89 to a record 33.3 million tons. This is up almost 10 million tons or 40 percent from a year earlier, and easily surpasses the previous record of 27.0 million tons in 1984/85 (figure 13). Drought-reduced grain harvests in North America, limited exports from the Southern Hemisphere, and higher world prices have helped the EC boost grain exports and capture a larger share of world grain trade.

Exports of wheat and wheat flour (July-June) are expected to reach a record 21 million tons in 1988/89, up 37 percent from 1987/88's 15.3 million tons. The EC's share of world wheat trade is forecast to increase to 21 percent in 1988/89 compared with only 16 percent in 1982/83-84/85. Already the world's leading flour exporter, the EC replaced Canada this year as the second largest wheat exporter as the 1988 drought significantly reduced Canadian wheat exports. Coarse grain exports (October-September) are forecast to shoot up 45 percent in 1988/89, to 12.3 million tons as the

Figure 12  
**EC-12 Grain Production**

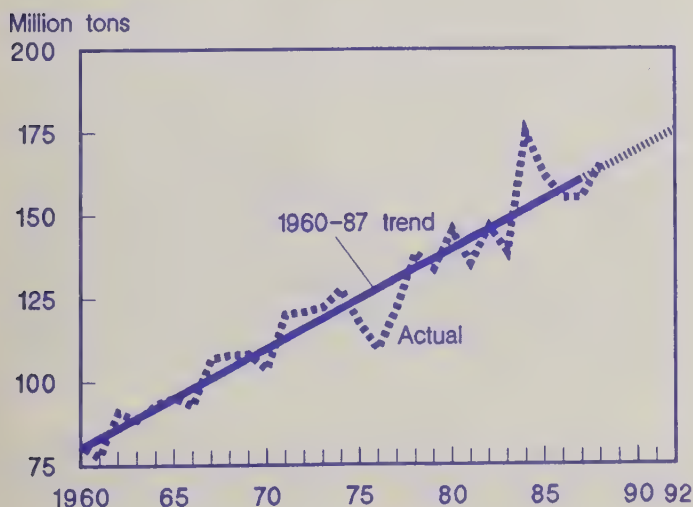
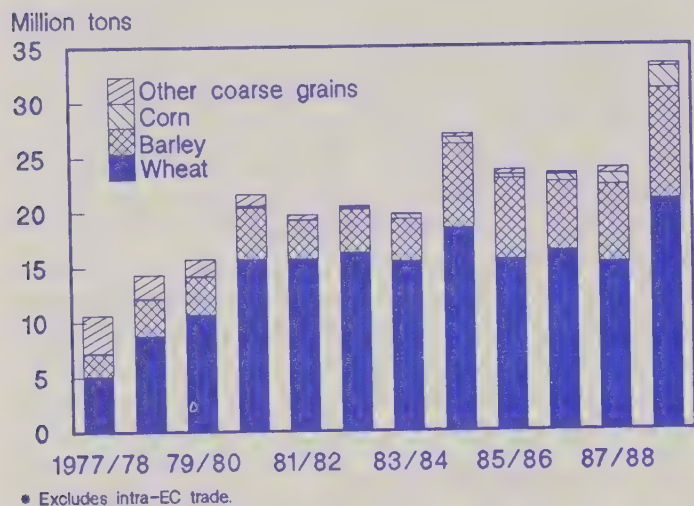


Figure 13  
**EC-12 Grain Exports\***

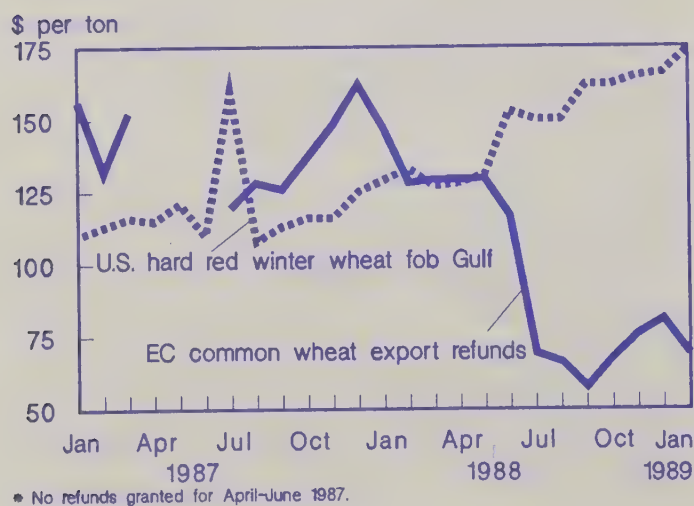


EC ships record quantities of barley (10 million tons) and corn (2 million tons). EC barley exports are expected to account for nearly 60 percent of world barley trade in 1988/89, compared with only 30 percent in the early 1980's.

EC imports of grain (excluding intra-EC trade) are forecast to decline to 6.2 million tons in 1988/89, a drop of 10 percent over the previous year. The volume of wheat imports is expected to remain unchanged at 2.2 million tons while imports of coarse grains are projected to decline to 4 million tons, compared with 4.7 million tons in 1987/88.

Due to the rise in world grain prices, the EC has been able to export surplus grain at prices that require much smaller export subsidies to make them competitive. The export price for U.S. hard red winter wheat, for example, rose nearly 30 percent in 1988, from \$129 per ton in January to \$166 by December (figure 14). On the other hand, EC export refunds for wheat, which were running about \$145 per ton at the

Figure 14  
**World Wheat Price and EC Export Refunds\***



beginning of 1988, dropped dramatically with the onset of the North American drought. In just 2 months, refunds fell from \$130 per ton to under \$70. Although export refunds rose somewhat by the end of the year, they still were 50 percent less than at the end of 1987.

### EC Grain Stocks Continue To Fall

Intervention stocks of grain declined for the third consecutive year in 1988 as the EC continued to use an aggressive export policy to reduce its costly public stores. Grain stocks fell to 10.9 million tons, down 21 percent from the 1987 level of 13.8 million tons (figure 15). This was the lowest level since 1984 when intervention stocks totaled 9.4 million tons.

Most of the decline in EC grain stocks can be attributed to the dramatic reduction in intervention stocks of common wheat, which were cut almost two-thirds between 1985 and 1988. While coarse grain stocks (mostly barley and rye) also were trimmed recently, durum wheat stocks have been growing rapidly due to record harvests in 1986 and 1987 and the high rate at which durum is being sold into intervention. During the 1987/88 marketing year, 21.7 percent of EC durum wheat production was purchased by intervention agencies, compared with only 3.3 percent for common wheat and 4.3 percent for barley (table 4). As a result, EC stocks of durum wheat have more than doubled in the last 2 years, increasing from 1 million tons at the end of 1986 to 2.3 million tons at the close of 1988. Over the same period, durum's share of total grain stocks increased from 7 percent to 21 percent. In the first few months of 1989, stocks of common wheat and coarse grains have continued to decline and stocks of durum wheat have also been reduced.

Figure 15  
**EC Intervention Stocks for Grain**

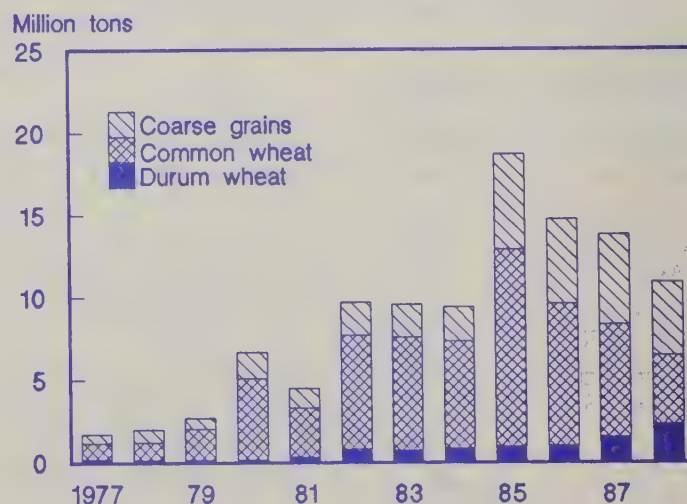
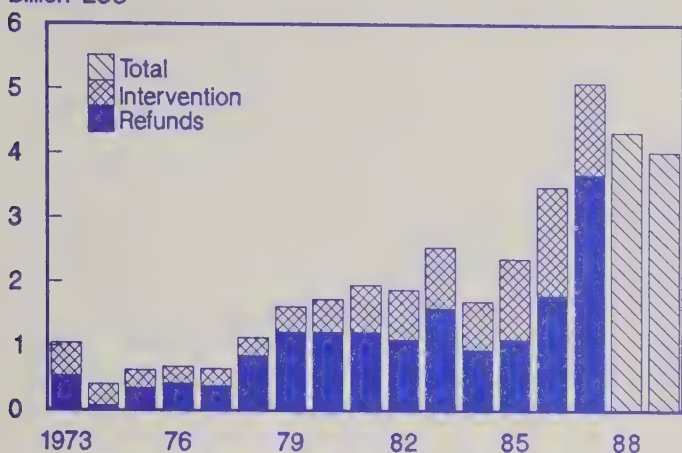


Figure 16

**EC Budget Expenditures for Grain\***

Billion ECU



\* Includes rice. 1988 preliminary; 1989 forecast.

**EC Budget Costs For Grain Decline**

EC budget expenditures for grains declined 18 percent to 4.3 billion ECUs in 1988, reversing a sharp upward trend (figure 16). Expenditures more than doubled between 1985 and 1987, rising from 2.4 billion ECUs to 5.1 billion ECUs. The lower budget costs in 1988 were mainly a result of the drop in export refunds during the second half of the year, substantial savings on intervention storage costs, and an estimated 6-percent increase in the coresponsibility levies collected from grain producers to help pay for surplus disposal. The EC Commission estimates that expenditures for grains will decline again in 1989 as high world grain prices and a stronger U.S. dollar are expected to result in lower costs for export refunds.

**Stabilizer Program For Grains Activated**

At the February 1988 summit, EC member governments agreed to a package of policy measures designed to limit surplus production and rapid increases in budget expenditures for a range of commodities supported by the Common Agricultural Policy. For the grains sector, a system of automatic price stabilizers was established and an additional coresponsibility levy of 3 percent (over and above the basic 3 percent coresponsibility already in force) was imposed at the beginning of the 1988/89 marketing year on all off-farm grain sales. If production of wheat and coarse grains exceeds the "maximum guaranteed quantity" of 160 million tons (set for 1988/89 to 1991/92), support prices are automatically cut 3 percent the following marketing year. If the production limit is not exceeded, the additional coresponsibility levy is fully refunded; if the limit is exceeded by less than 3 percent, the additional levy is partially refunded on a pro-rated basis.

The EC Commission estimated that grain production in 1988/89 exceeded the maximum guaranteed quantity by 2.5

Table 4--Share of cereal production sold into intervention

Marketing year	Common wheat	Durum wheat	Barley	Rye
----- Percent -----				
1980/81	5.6	1.1	2.7	6.7
1981/82	2.3	3.3	1.3	3.1
1982/83	9.8	5.2	4.8	1.7
1983/84	5.0	7.6	1.6	1.9
1984/85	2.0	8.5	5.8	17.4
1985/86	8.6	10.2	9.5	17.7
1986/87	3.7	10.0	5.8	14.0
1987/88	3.3	21.7	4.3	12.2

Source: Commission of the European Communities, "Commission Proposals on the Prices for Agricultural Products and Related Measures." Com (89) 40 Brussels, Jan. 31, 1989.

million tons or 1.6 percent. Thus intervention prices for grains were reduced by 3 percent for the 1989/90 marketing year and 1.4 percent of the additional coresponsibility levy collected in 1988/89 (2.51 ECUs per ton) will be refunded. Due to the cut in intervention prices for cereals, the basic coresponsibility levy (equal to 3 percent of the intervention price for wheat) will decline from 5.38 ECUs per ton in 1988/89 to 5.22 ECUs in 1989/90.

**EC Set-aside Program**

One of the reform measures that came out of the February 1988 summit in Brussels was an agreement to establish a program of paid land set-asides aimed at reducing cereal surpluses. Under the set aside regulations, national programs were required to be in place by July 1988. Due to administrative difficulties in several countries the deadline was later extended to December 31, 1988. Although all member countries must offer the program, farmer participation is voluntary. Participating farmers must agree to set aside at least 20 percent of their arable land for 5 years in return for payments that are fixed by their national governments. Farmers who withdraw at least 30 percent of their land will be exempt from coresponsibility levies on the first 20 tons of cereals they market. The set-aside payments range from 100 ECUs per hectare (\$48 per acre) to 287 ECUs (\$287 per acre).

National governments share program costs on a sliding scale, covering a share that increases from 50 to 85 percent as the size of payments increases. Land in the program may be used for grazing or production of certain protein crops (lentils, chick peas, or vetch) at a payment rate equal to 40 to 60 percent of that which would otherwise have been made.

Nine EC member countries have implemented set-aside programs. West Germany, the United Kingdom, and the Netherlands were the only countries to meet the original deadline, with programs in operation by July 1988. They were followed by Belgium (October 1988), France, Ireland, Greece, and Spain (December 1988), and Italy (February 1989). Portugal is not required to apply the scheme until 1994. Den-

mark and Luxembourg failed to implement the set-aside program during 1988/89. The European Commission has issued a formal warning to these two countries stating that it intends to initiate legal action in the European Court of Justice if national programs are not put into effect.

Program participation has been highest in West Germany, where farmers have set aside 170,635 hectares (421,654 acres), or roughly 2 percent of arable land. UK farmers have set aside 60,000 hectares (148,265 acres) or less than 1 percent of arable land while the total reported for the Netherlands is only about 500 hectares (1,236 acres). Italy, which implemented its program only in February of this year, received 11,530 applications from farmers through the end of March covering 165,802 hectares (409,712 acres) or approximately 2 percent of arable land. Nearly one-third of the applications were from farmers in Sicily. Interest among Spanish farmers has been limited, with only about 31,000 hectares (76,604 acres) or 0.2 percent of arable land enrolled in the program in the first 6 months of this year. The remaining member countries have not released information on participation.

France and Spain were the only countries to request exemption from the set-aside provisions for certain areas, which is allowed under the regulations. France has been authorized to exclude 2 percent of its arable land, mainly in the south, where the scheme could increase the risk of fire. Spain was granted an exemption for 29.5 percent of total arable land, essentially in areas which suffer from high rates of rural unemployment where application of the program would lead to a migration from the countryside.

Only the Netherlands has offered the maximum payment (600 ECUs per hectare) for all land set aside to encourage participation. The next highest payments were offered by West Germany (300-600 ECUs) and Italy (380-550 ECUs) where the size of the payments are determined according to the quality of the land withdrawn. Most of the other countries have proposed less than 300 ECUs. Payments of this magnitude are not expected to encourage much participation. The Commission estimates that about 1 million hectares, or less than 1 percent of EC arable land, will be set aside in 1990. This amount could easily be offset by technological advances and slippage. The EC's lack of experience with set-aside schemes and rising world grain prices also could undermine the program's success.

#### ***U.S.-EC Enlargement Agreement***

In January 1987, the United States and EC reached an agreement on partial compensation for the loss of U.S. feed grain exports to Spain following the Spanish accession to the Community in 1986 and the imposition of EC variable levies on grain imports. The EC agreed to guarantee that Spain would import up to 2 million tons of corn and 300,000 tons of sorghum annually from non-EC sources from 1987 through

1990. As part of the agreement, Spanish imports of nongrain feeds are deducted from the 2.3- million-ton requirement.

Spain imported the required amounts of corn and sorghum for 1987, although a shipping extension through June 1988 was required. In 1988, Spain bought the full amount of grain, but the deadline for filling the 1988 quota had to be extended through April 1989.

The United States has supplied a large share of the annual quotas for both 1987 and 1988. Between January 1987 and March 1989, Spain imported 2.96 million tons of corn and 418,837 tons of sorghum from the United States under the U.S.-EC Enlargement Agreement. In addition, the United States shipped 723,438 tons of corn gluten feed and 185,809 tons of brewers' dried grains to Spain over the same period.

#### ***EC Cereal Incorporation Scheme***

The EC Commission has proposed a controversial program to subsidize the incorporation of cereals into animal feeds. The Commission plan authorizes the payment of premiums to feed compounders and livestock producers to encourage the use of cereals in feeds. The proposal aims at reducing EC grain surpluses and rising budget costs by increasing the consumption of domestically produced cereals. The Commission estimates that the plan would boost net EC cereal consumption 2 million tons and save the EC budget 29 million ECUs (\$34 million) if implemented in 1989/90.

There is strong opposition among some member states to the proposed cereals incorporation scheme, and the plan had not been approved by the Council as of the start of the 1989/90 cereal marketing year (July 1). The scheme has generated considerable controversy both within and outside of the EC and a number of administrative problems have yet to be resolved. (See the special article on the cereal incorporation scheme for more information.)

#### ***Other Western Europe***

Grain production in the six other Western European countries (Austria, Finland, Iceland, Norway, Sweden, and Switzerland) declined 2 percent in 1988 to 14.5 million tons due to decreased yields and lower acreage. Production of grain has declined steadily since 1984 when it reached a record 18.5 million tons. Coarse grain output remained almost unchanged in 1988, but wheat production declined nearly 7 percent, reflecting a sharp drop in area harvested. Austria and Sweden were net exporters of grain in 1988/89 while Finland, Iceland, Norway, and Switzerland were net importers. [Michael T. Herlihy (202) 786-1614]

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## Oilseeds

Rapeseed is the most important oilseed produced in the EC, accounting for 46 percent of total 1988 oilseed output, followed by sunflowerseed (35 percent) and soybeans (14 percent). Oilseed production has grown significantly in recent years in response to generous producer subsidies and developments in the grains sector that made oilseeds an attractive alternative.

### EC-12 Oilseed Output Tapers Off

EC-12 oilseed production fell slightly in 1988 to 11.2 million tons after reaching a record 12.1 million tons the previous year (figure 17). Nonetheless, the 1988 crop was the second largest on record. Production fell primarily because of lower rapeseed yields, as average EC yields returned to

trend after exceptionally high output in 1987. Area also declined in 1988, with rapeseed area down slightly (less than 1 percent), soybean acreage down about 10 percent, and sunflowerseed area down 6 percent from 1987. Rapeseed production declined (from 6.0 to 5.2 million tons), as did soybeans (from 1.8 to 1.6 million tons). Sunflowerseed production was approximately the same as last year at 3.9 million tons.

Oilseed production is expected to decline further in 1989. Area planted to winter rapeseed, which accounts for most of the EC's rapeseed production, has fallen. Acreage declines were large in France, the EC's largest producer, and the UK, as poor returns induced producers to seek alternative crops. Area increased in Germany and Denmark, although not enough to offset declines elsewhere.

Low yields weakened returns to rapeseed growers last year, despite a slight increase in the effective support price due to the oilseed stabilizer—a mechanism that enacts price penalties for production in excess of threshold levels. Sunflowerseed acreage and production likely will decline in response to a 20-percent deduction from the support price. Sunflower area may rise in Spain, where producers did not suffer a cut in support prices, but will fall in France. Soybean area may increase slightly, but it will be too small to reverse the decline in total oilseed production.

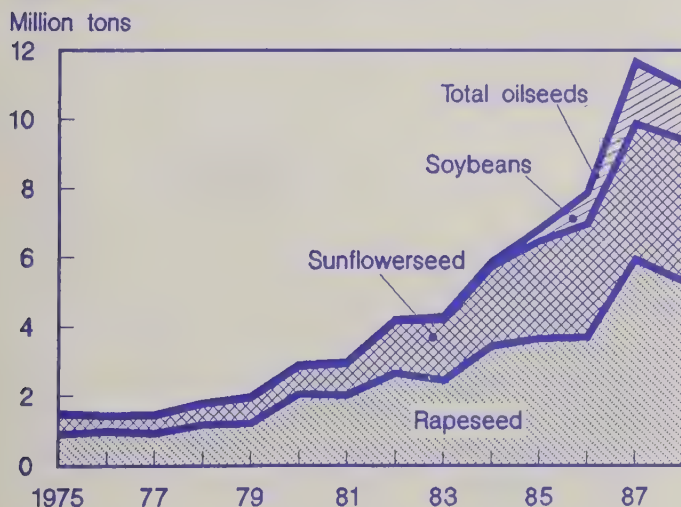
Two years' experience with stabilizers have made oilseed producers wary. The Commission's stabilizer mechanism for oilseeds appears to be having the desired effect this year—reducing oilseed output and its drain on the EC budget—but may have the unintended effect of increasing the production of grain, which has been in chronic surplus. The stabilizer may, moreover, be "destabilizing," leading to biennial swings in production. Lower production one year will mean a smaller support price cut—or even an increase—and encourage increased oilseed output the next year.

### Lower Demand For Oilseeds And Products

Demand for oilseeds has fallen in 1988/89 due to low crush margins.<sup>2</sup> Crush margins have been low because of high oilseed prices and low vegetable oil prices in Europe. Most of the reduced demand has affected imports, particularly soybeans, since the EC crushing subsidy favors processing domestic seed. Soybean import demand has also been adversely affected by large domestic oilseed supplies and the increasing availability of double-low rapeseed, whose meal product can be incorporated into more livestock feedstuffs. Domestic use of oilseed meal will decline this year in response to lower demand for feedstuffs and high meal prices. Oilseed meal demand has also suffered from

Figure 17

### EC-12 Production of Principal Oilseeds



<sup>2</sup> A crush margin is the difference between the price of an oilseed and the sales value of its oil and meal products.

increased competition from other protein sources, including corn gluten feed and domestically-produced field peas and beans. Demand for vegetable oil is typically more stable than demand for the meal, and depends on the prices of substitutes in the oils and fats complex.

### ***Tight Crush Margins Point To Lower Oilseed Imports***

EC oilseed demand this year will be met increasingly from large supplies of domestically produced oilseeds, particularly rapeseed. Weak crush margins in Western Europe have dampened demand for all oilseeds, but particularly for soybeans. The EC will import fewer soybeans, and more soybean meal, this year. Trade policies of the large South American producers, Argentina and Brazil, also favor exporting soybean products over soybeans. U.S. exports of soybeans to EC are expected to decline this year because of higher prices, sharply lower U.S. production, and large supplies of EC oilseeds.

### ***Oilseed Stocks Rise***

In 1988/89 EC rapeseed stocks grew to record highs, with about 340,000 metric tons carried over, as intervention purchases were significant for the first time. Carryover of sunflowerseed and soybeans was also higher. Higher stocks will enable the EC to maintain rapeseed and sunflowerseed crush in 1988/89 at approximately the same level as 1987/88, despite smaller crops. Rapeseed stocks are expected to return to trend in 1989/90. Stocks of vegetable oil were also large, but are expected to decline in 1988/89 due to the lower soybean crush.

### ***Oilseeds Stabilizer Activated***

The new oilseed stabilizer, instituted following February 1988 budget reforms, took effect with the 1988/89 oilseed harvest. The stabilizer is a penalty for production in excess of target levels ("maximum guaranteed quantities", or MGQ) in the form of reductions to support (target and intervention) prices. In 1988/89, each 1 percent produced over the ceiling (table 5) triggered a 0.45-percent reduction in the oilseed

Table 5--Maximum guarantee quantities for oilseeds

1988/89 - 1990/91	
	1,000 tons
Rapeseed	
EC-10	4,500.0
Spain	12.9
Portugal	1.3
Sunflowerseed	
EC-10	2,000.0
Spain	1,411.8
Portugal	63.6
Soybeans	
EC-12	1,300.0

Source: Commission of the European Communities. "Commission Proposals on the Prices for Agricultural Products and Related Measures." Com (89) 40, Brussels, Jan. 31, 1989.

support price; the reduction will increase to 0.5 percent for the 1989/90 crop year. There is no limit on how much support prices can be cut, whereas under the old stabilizer scheme, prices could be cut by at most 10 percent.

In 1988, estimated sunflowerseed output in the EC-10 was 44 percent above ceiling, resulting in a 20-percent cut in support prices for the 1988/89 marketing year. Spain and Portugal's production was below ceiling. Spain and Portugal have separate ceilings and lower support prices while they are phased into full participation in EC commodity regimes.

Figure 18

### **EC Budget Expenditures for Oilseeds**

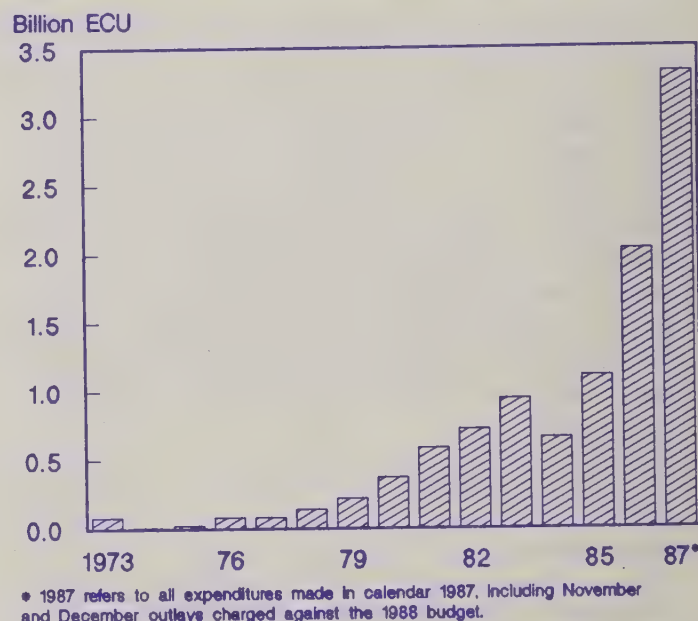


Figure 19

### **Rapeseed: EC Support Price and World Price**

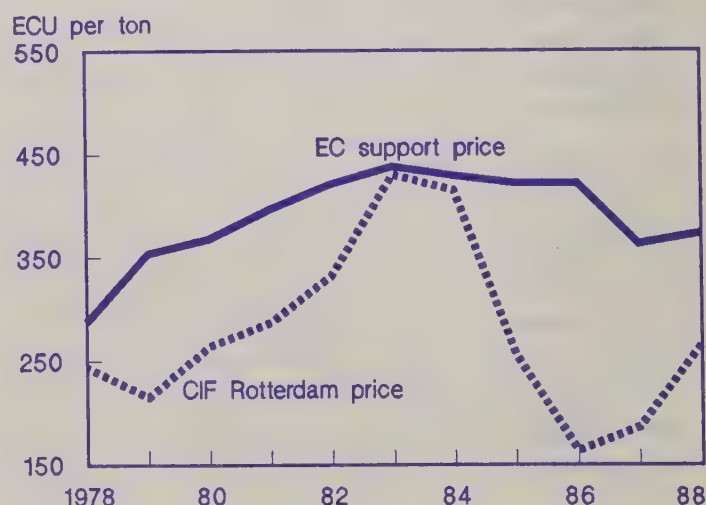
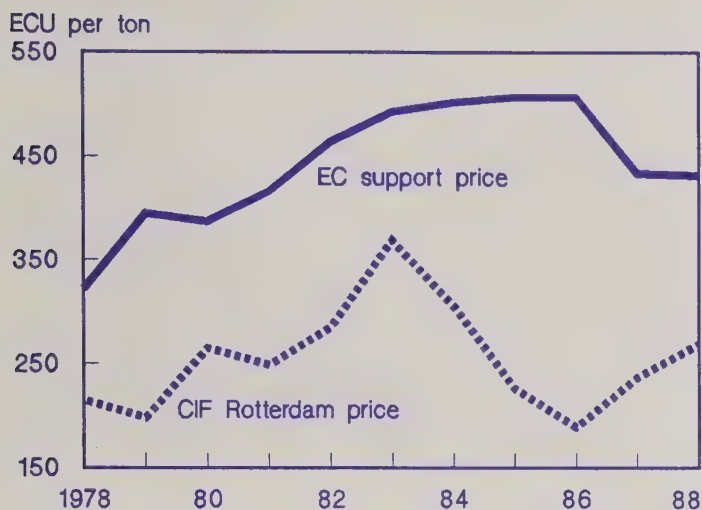


Figure 20

**Soybeans: EC Support Price and World Price**

EC rapeseed production in 1988/89 also exceeded the ceiling, resulting in a 7.5-percent reduction in the 1988/89 target price. However, this cut was smaller than last year's 10 percent, thus the effective support prices will actually rise slightly. The 7.5-percent price cut was also less than the reduction to support prices that would have resulted under the old stabilizer system, which, with a lower MGQ, would have cut support prices by the maximum allowable 10 percent. The 1988/89 soybean crop of 1.6 million metric tons was 0.3 million tons above ceiling, resulting in a 1988/89 support price cut of about 10 percent, which was the same as the previous year.

**Budget Outlays Drop**

Government spending on oilseed support programs had more than tripled since 1984, and took an increasing share of total EC spending on agriculture (figure 18). Until the introduction of stabilizers, oilseed expenditures remained unchecked as production grew. Subsidy outlays also grew as the difference between the EC support price and the world market price grew, representing the difference between what an EC crusher would have to be paid to use the domestic product (figures 19 and 20). Outlays are expected to have fallen in 1988, due to the effects of the stabilizers, reduced output, and higher world oilseed prices.

**U.S.-EC Oilseed Dispute**

In early 1988, the United States filed a complaint with the GATT against EC oilseed subsidies, charging that the subsidies violate the EC's commitments under the GATT by nullifying and impairing the zero-tariff binding on soybeans. In late May of this year, the EC agreed to the formation of a panel to investigate the oilseed dispute. The United States wants the GATT panel to determine that EC oilseeds subsidies nullify and impair the 1962 trade concession binding

EC tariffs at zero for soybeans, other oilseeds and oilseed meals. The panel process had been stalled over the United States' and the EC's failure to agree on the terms of reference and makeup of the panel members.

The complaint was initially filed by the American Soybean Association as a Section 301 petition and was accepted by the office of the U.S. Trade Representative (USTR). On July 5, 1989, USTR determined that the EC's practices constitute an unfair trade practice. A determination of unfairness normally results in a recommendation by USTR that the President implement unilateral action—usually trade sanctions in the form of higher duties on imports from the country found to engage in the unfair trade practice. USTR delayed the implementation of counter-balancing action in light of the "substantial progress" being made by the establishment of the GATT panel to consider the dispute. Implementation may be delayed by no more than 180 days (no later than January 31, 1990).

USTR may reconsider the decision to delay implementation at any point if it appears that substantial progress is no longer being made in resolving the dispute. USTR may also reconsider the unfairness determination in light of the findings of the GATT panel. If the GATT panel finds nullification and impairment of the trade concession, it will recommend the amount of compensation to be paid to the injured party.

**Other Western Europe Oilseed Markets**

Rapeseed is the most important oilseed produced in the other Western European countries (Sweden, Switzerland, Iceland, Norway, Finland, Austria), accounting for about 90 percent of total 1988 oilseed production in these countries. Sunflowerseed is an important crop in Austria. Soybean production, while growing, is still largely experimental.

Rapeseed production in other Western Europe rose in 1988 on the strength of improved yields after declining the previous year. Output rose in Austria and Finland and stagnated in Sweden, the largest producer of rapeseed in the "outer six." Rapeseed production is expected to increase in 1989; Sweden's production will recover to more normal levels, and rapeseed output will continue to grow in Austria, offsetting expected declines in Finland and Switzerland. [Mary Anne Normile (202) 786-1611]

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## Beef and Veal

### Dairy Quota Continues To Dominate Beef Market

The dairy quota continues to affect the beef market substantially because the EC dairy herd normally supplies about two-thirds of the EC's beef. Cattle numbers, which have been declining since the dairy reforms of 1984, reached their lowest level since 1972 last year. The number of dairy cows declined by 2.7 percent in 1988 and the overall decline since

Figure 21

### EC-12 Beef and Veal Supply and Use

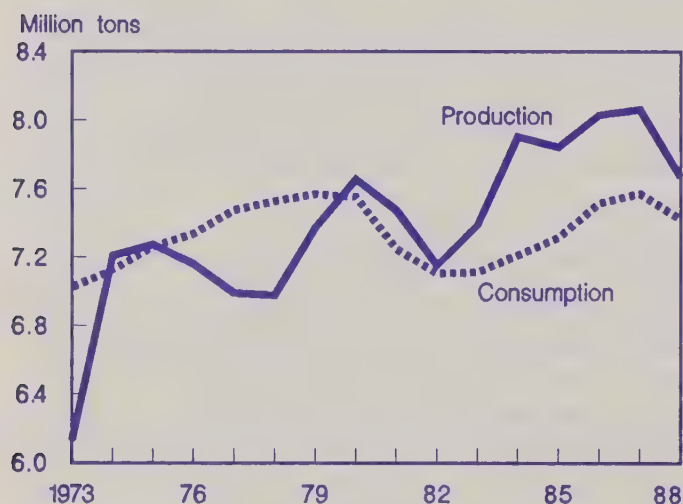


Figure 22

### EC-12 Beef and Veal Trade

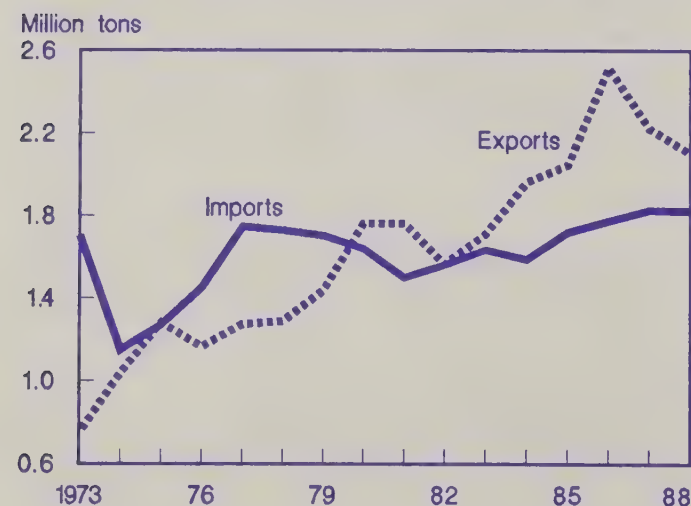
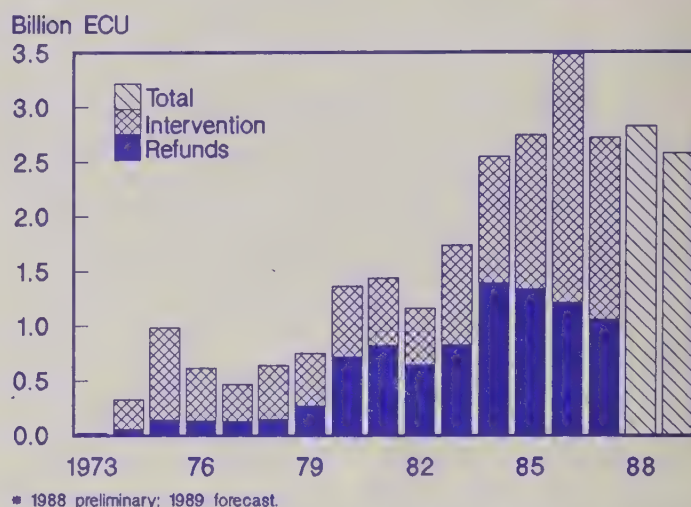


Figure 23

### EC Budget Expenditures for Beef and Veal\*



1983 reached nearly 16 percent for the EC-10. The dairy herd represents 76 percent of the EC cattle herd.

### Production and Stocks Decline while Prices and Exports Increase

Beef and veal production declined nearly 5 percent in 1988 (figure 21). Intervention stocks also declined but much more dramatically (by 325,000 tons) due to large purchases by Eastern European countries and the USSR that were heavily subsidized by the EC. Total beef exports (not including the purchases by the USSR and Eastern Europe countries) reached 2.1 million tons in 1988, off 16 percent from 1986's record level (figure 22). CAP expenditures on the beef sector increased 4 percent to 2.83 billion ECUs in 1988; in 1989 they are expected to drop to around 2.6 billion ECUs (figure 23). Beef is the fourth most expensive CAP sector behind dairy, oilseeds, and grains.

Lower stocks, lower production, and higher feed prices drove beef prices higher in 1988. The price of adult carcasses rose 10 percent while veal prices rose 20 percent. Higher prices at the retail level and reduced availability in 1988 led to a 2 percent decline in consumption. Veal consumption declined in West Germany because of consumer alarm over illegal use of hormones on veal calves in that country.

### Beef Herd Increases as Dairy Herd Decreases

As expected, non-dairy cattle numbers have risen significantly to partially replace the beef previously supplied by the dairy herd. Non-dairy cattle increased 3.6 percent in 1988 although overall cattle numbers declined 1.3 percent, or 420,000 head.

The proportion of beef supplied by the dairy herd decreased as the dairy herd declined and the beef herd increased (up 12 percent since 1983). This development should result in a

higher quality beef supply. Whether consumption increases because of a higher quality product largely depends on price developments in the feed/livestock sector and consumer preferences.

The beef self-sufficiency ratio (production/consumption) reached 103 in 1988, compared with 107 in recent years, and is expected to decline to 101 in 1989. This drop is largely due to the dairy quota, which is expected to cause a 2.7-percent decline in the dairy herd. However, the EC Commission expects the self-sufficiency ratio to increase to 106 in 1992. Beef prices rose rapidly in 1988 and are expected to rise further in 1989 which will lead to increased production in the early 1990's. Beef slaughter weights are already beginning to rise. Technological developments in the feeding industry and improvements in beef and dairy breeds are also expected to increase the beef supply.

### **The Hormone Ban**

The EC's ban on the production and importation of meat derived from animals treated with growth hormones may cut off about \$100 million of U.S. exports of beef and beef products to the EC in 1989. The ban went into effect on January 1, 1989, although a 1-month grace period was granted for shipments in transit as of January 1. The United States quickly imposed its previously announced retaliation on EC imports of about \$100 million. The EC threatened to counter-retaliate but has not yet implemented action against an announced list of U.S. imports which include walnuts in shell and dried fruits (excluding raisins) valued at approximately \$100 million.

U.S. beef exports to the EC will likely decline because the United States cannot certify that a sufficient number of beef carcasses have never been treated with hormones to satisfy the amount required to meet EC demand. The central problem is that around 80 percent in value of U.S. beef exports to the EC consist of internal organs (offals) and it took over 7 million carcasses to supply the EC demand for offals in 1987.

The hormone dispute threatened to erupt into an expensive trade war and disrupt the GATT negotiations, among other things. A task force was created in February 1989 to find a solution within 75 days. The task force agreed to an interim measure on May 3 and also agreed to continue its work for an unspecified period.

Under the measure, the EC agreed to set up a certification system that would generate a list of producers who would qualify to export to the EC. Animals will arrive at slaughterhouses accompanied by affidavits to support the producers' claim of hormone-free beef. The Food Safety and Inspection Service (FSIS) will insure that animals have come from producers certified by the EC system. U.S. retaliation on EC products will be reduced on an annualized basis by the amount of any beef or beef products shipped to the EC under

the interim measure. A review of the effects of the ban on U.S. trade is scheduled for September 15 and U.S. retaliation will be adjusted at that time.

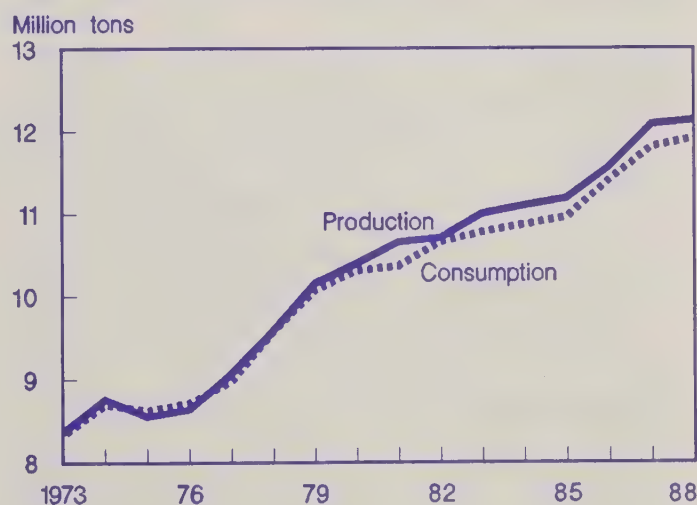
The EC has agreed to discuss the offals trade during the next meetings of the task force. U.S. domestic offal prices have plummeted, while the EC faces a dwindling supply of hormone-free offals and prices have increased substantially. As a result, the EC canning and processing industry faces the prospect of sharply curtailed operations.

### **Beef Reform Watered Down**

The much-heralded beef reform appears to have foundered upon the rock of EC intervention because a safety net was created for unlimited intervention under certain market conditions. These conditions are likely to be met in the long term and the intervention price will resume its role as a floor price. The beef reform program went into effect on April 3, 1989, and is intended to restore intervention as a safety net only in the case of serious market problems while allowing the market to guide basic supply and demand.

The intervention price is to be fixed by tender and intervention triggered when the EC market price reaches 88 percent of the intervention price, but intervention is limited to 220,00 tons. However, automatic and open-ended intervention is triggered when: 1) EC market price falls below 78 percent of the intervention price, 2) the price falls below 80 percent in at least three EC member states or regions representing 55 percent of steer or bull production, and 3) all offers into intervention below 80 percent of the intervention price would be accepted from those regions. A special beef premium of 40 ECUs (\$45) per head was included in the beef reform package but was limited to the first 90 animals on each holding and to animals slaughtered at 12 months or less.

Figure 24  
**EC-12 Pork Supply and Use**



The beef reform is unlikely to have any effect in the short term as prices are expected to rise in 1989 (particularly for young bulls) and cattle numbers and intervention stocks are expected to decline. [David R. Kelch (202) 786-1615]

## Pork

### Market Hits Bottom Then Rises

In the spring of 1988, hog prices reached their lowest levels since 1984 but began to turn around in the fall. By December, market prices were 20 percent above April levels. The outlook had improved so dramatically that the EC Commission warned producers of overexpansion. EC pork production in 1988 leveled out at 12.1 million tons, virtually unchanged from a year earlier (figure 24).

Oversupply conditions of the mid-1980's, high feed prices, and low market prices were finally countered by declining hog numbers in 1987 and 1988. Prices should continue to improve in 1989 largely because breeding sow numbers declined 5.7 percent from 1987 to 1988 and total hog numbers declined 2.4 percent. Of particular importance is that gilts bred for the first time and the number of gilts not bred were down by 8.1 percent and 7.8 percent, respectively, in 1988. In addition, pork stocks are very low and private storage aid is no longer in effect.

EC exports of pork totaled 2.5 million tons in 1988, about the same as in the previous year (figure 25). Exports are expected to increase in 1989, especially to the United States and Japan.

### Hog Numbers and Production Continue Their Decline

Pork production may decline as much as 5 percent in 1989 because of herd rebuilding and high feed prices. The problem of manure disposal in the major producing countries will

serve to help prevent over-expansion. Total recovery of production is not expected until 1991.

EC consumption increased gradually to nearly 84 pounds per capita in 1988 and is forecast by the EC Commission to reach 89 pounds in 1995. However, other EC analysts do not expect an upward trend in consumption because of negative consumer perceptions (largely German) of pork quality and the analysts caution against over-investment. Under either scenario, the EC will likely increase its current self-sufficiency ratio to around 102 in the early 1990's after declines in 1988 and 1989.

### Little Change In Pork Policy

No major policy changes occurred in 1988 and the 1989/90 price package did not contain any surprises. Beginning in 1989/90, the marketing year will start on July 1 instead of November 1. The intervention price of a standard quality hog carcass for 1989/1990 was fixed at the 1988/89 level of 2,033.30 ECUs per ton. There is no intervention for pork but there are export restitutions and they stayed relatively low in 1988 at under \$200 million. [David R. Kelch (202) 786-1615]

## Poultry

### Production and Consumption Continue To Expand

Poultry production in 1988 continued strong in the EC despite higher feed prices and environmental constraints (figure 26). Production rose 4.2 percent in the EC-12 with broiler growth at only 2.4 percent. A decline of 1 percent in broiler production is expected in 1989 due to an expected 12 percent drop in UK production because of salmonella outbreaks last year. EC consumption increased in 1988, but at only 3.2 percent, thus the self-sufficiency ratio increased to 107 from 106 a year earlier.

Figure 25  
EC-12 Pork Trade

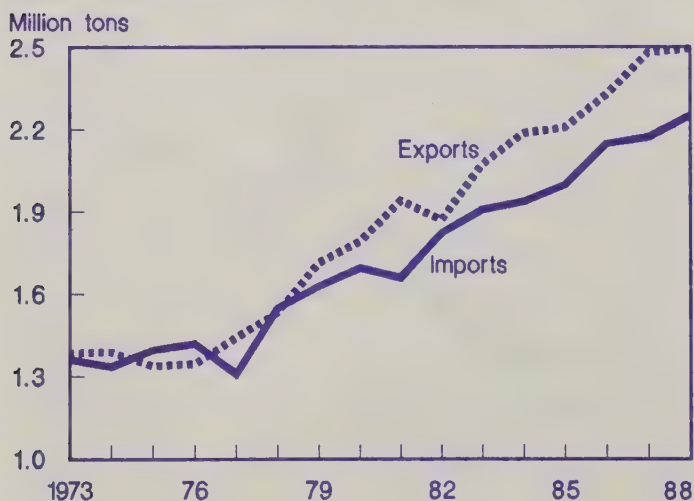


Figure 26  
EC-12 Poultry Supply and Use

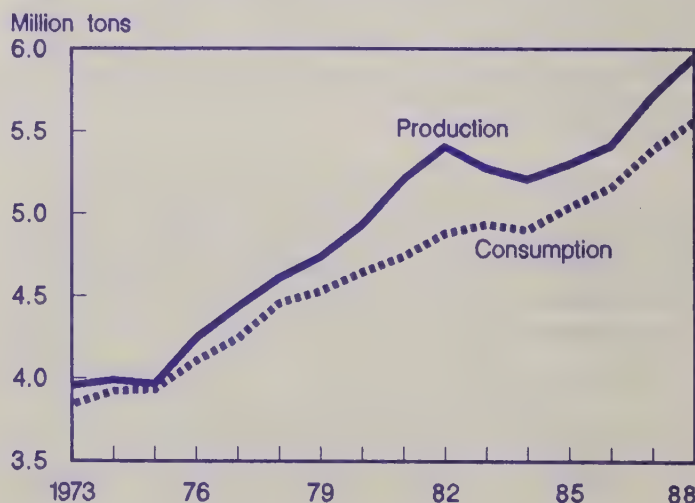
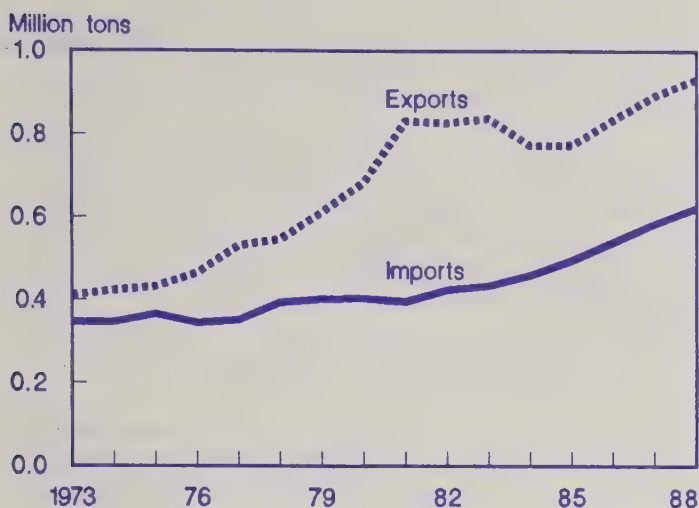


Figure 27  
**EC-12 Poultry Trade**



Production of turkeys, ducks, and other fowl continued to rise rapidly and growth in most countries exceeded broiler growth. Turkey production grew 6 percent to 953,000 tons in 1988, but growth is expected to be only 3 percent in 1989.

#### **Exports Continue To Surge**

EC poultry exports continued to trend upwards with a 4.4 percent increase in 1988 (figure 27). Stocks rose 82,000 tons to over 200,000, the highest since 1982. French export subsidies, in conjunction with EC export refunds, allowed French exports to remain competitive in the Middle East market. EC export subsidies ranged from \$400 to \$650 per ton, roughly half of the average U.S. export price (\$1,113 ton). French exports to Saudi Arabia exceeded 80,000 tons although Brazil captured more of the Saudi market than France for the first time. The EC likely will remain competitive in third country trade in 1989 because of export restitutions.

#### **Environmental and Health Problems Encountered**

Environmental and health problems plagued the EC poultry and egg sectors during 1987 and 1988. The UK poultry industry suffered a salmonella scare in both eggs and birds. Egg consumption in the UK fell 30 percent and the loss to producers is estimated at \$50 million although compensation for slaughter is available.

Environmental concerns over animal health are present in many EC countries and could lead to legislation similar to that in Denmark. The proposed harmonization of standards by the end of 1992 could lead to more restrictive standards in major poultry-producing countries in the EC. Imports could also face more restrictive health standards.

#### **Policy Developments**

There is no CAP intervention for poultry although export refunds and the variable levy on imports artificially support

the domestic market. The CAP budget appropriations for 1989/90 for poultry export refunds reflect an increase of nearly 10 percent to about \$213 million. The CAP budget for 1989/90 is expected to be in surplus by nearly \$4 billion, so export refunds will likely be widely available.

[David R. Kelch (202) 786-1615]

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#### **Dairy**

##### **Milk Production and Deliveries Decline**

Milk deliveries declined 3.4 percent during 1988 (figure 28), as dairy cow numbers fell 5.8 percent from a year earlier and production per cow increased 0.7 percent. The decline in cow numbers from 25.5 million in 1986 to 23 million in 1988 is attributable to the milk quota policy. EC countries have used buy-out schemes to reduce milk deliveries toward the quotas. The "outgoer" programs worked well except in the Netherlands, where production curtailments had to be imposed on individual farms. Final figures for the 1988/1989 EC milk quota year that ended March 31 are expected to show that milk deliveries were 2 million tons above the quota ceiling, requiring payment of superlevies in those countries that exceeded their national quota. Among the overproducers, France was expected to owe approximately \$100 million in superlevy penalties, plus or minus

Figure 28

**EC-12 Milk Production**

\$50 million, according to ONILAIT, the French dairy organization. (See the special article on the EC dairy superlevy.)

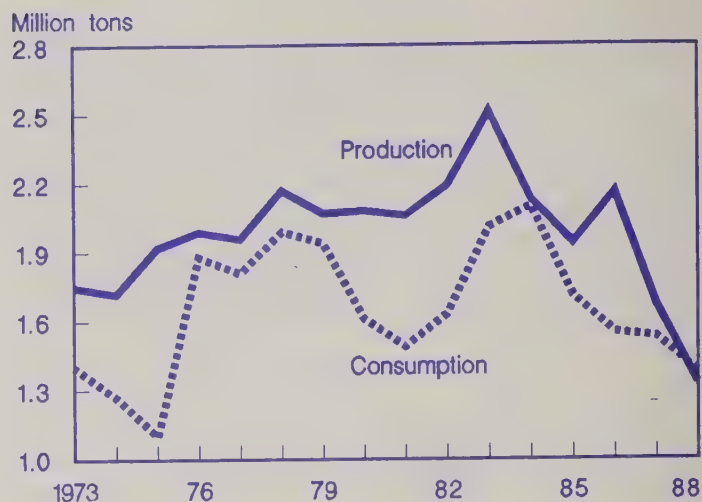
**Milk Production In Other Western Europe Steady**

Milk production in the non-EC Western Europe countries is expected to be virtually unchanged in 1989 (up 0.4 percent over 1988) following a 1.9-percent fall the year before. Production per cow has increased 3.7 percent during 1984-1989, while cow numbers have decreased 9.5 percent.

**EC Consumption Decreased 3 Percent in 1988**

Fluid milk use was virtually unchanged from 1987, but manufacturing use declined by nearly 4 percent and feed use dropped almost 6 percent. The EC Commission is not optimistic about the prospects for growth of domestic demand for milk products. The Commission calculates that "the real increase in milk consumption is only 0.13 percent a year" and that increases in "special disposal measures" will be

Figure 30

**EC-12 Nonfat Dry Milk Supply and Use**

required to avoid greater dairy surpluses in the future (Commission of the EC, Jan. 18, 1989).

Consumption of fresh milk products and cheeses have been the strongest components of dairy demand, up 1.3 percent and 2.0 percent in 1988, while butter and nonfat dry milk have fallen 4.0 percent and 9.8 percent, (figures 29 and 30). In contrast, the Commission holds that butter depends heavily on consumption subsidies, without which demand would fall 2.7 percent per year. The drop in feed use arises from high world prices and low stocks, which have decreased the need for the EC to subsidize the incorporation of dairy products into animal feeds.

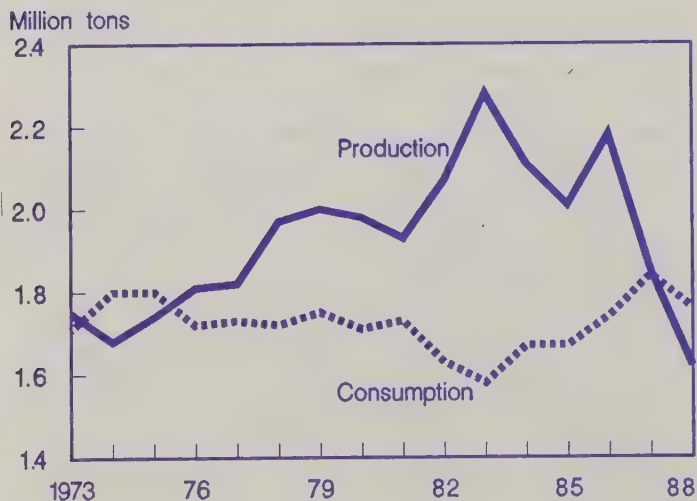
**Other Western Europe Consumption Stagnant**

After falling 6.5 percent between 1984 and 1988, milk consumption rose 0.4 percent in 1989. From 1984 to 1989, fluid milk use was the steadiest component, losing about 2 percent, while manufacturing use declined nearly 10 percent. Cheese consumption trended up slowly but steadily, but gains were outstripped by declines in butter and nonfat dry milk consumption. Feed use was relatively steady at 1.4 - 1.6 million tons between 1984 and 1989.

**EC Trade In Dairy Products Increased In 1988**

Butter exports to non-EC countries rose from 253,000 tons in 1986 to 508,000 in 1987 and 414,000 tons in 1988, roughly mirroring increased Soviet butter purchases for the 2 years. Following increased exports of nonfat dry milk (known in the EC as skimmed milk powder) from 272,000 tons in 1986 to 401,000 in 1987, exports to non-EC countries rose to 491,000 tons in 1988. Japan quadrupled its imports in 1988 to become the EC's largest buyer in volume and value.

Figure 29

**EC-12 Butter Supply and Use**

Trade in EC dairy products with the United States expanded in 1988. EC imports of U.S. nonfat dry milk jumped from less than \$1 million in 1987 to nearly \$9 million in 1988, while those of fluid whey and ice cream increased from \$6 million to \$16 million. U.S. imports of EC cheese fell nearly \$40 million to around \$190 million between 1987 and 1988.

The EC continued to hold a large share of world dairy product exports. The EC share, excluding intra-EC trade, of the world butter market was 48 percent in 1988, between the 1986 and 1987 shares of 38 and 50 percent, respectively. The EC held a 45-percent share of the cheese export market, virtually unchanged from the 2 years before. For nonfat dry milk, the EC share rose from 25 percent in 1986 to 33 percent in 1987 and 46 percent in 1988.

#### ***Other Western Europe Trade in Dairy Products Unchanged***

The non-EC Western Europe countries, as a group, are net importers of relatively minor amounts of dairy products. Net imports have been about 10,000 tons, milk equivalent, annually since 1983.

#### ***EC Dairy Product Stocks Declined Sharply in 1988***

Stocks of both butter and nonfat dry milk fell markedly, due mainly to a budgetary commitment to subsidize their export. Nonfat dry milk stocks fell to 14,000 tons, from 722,000 in 1987 and 847,000 in 1986. Butter stocks, which had fallen from 1.30 million tons in 1986 to 1.06 million tons in 1987, were reduced to 223,000 tons in 1988. By April 1989, EC butter stocks had fallen to 57,000 tons, according to EC Commission estimates.

Dairy budget expenditures declined almost 2 percent in 1988 to 5.91 billion ECUs (figure 31). With smaller stocks and higher market prices than a year ago, the budget cost could fall below 5 billion ECUs in 1989 due primarily to decreased export subsidies.

#### ***Other Western Europe Dairy Stocks Down Slightly***

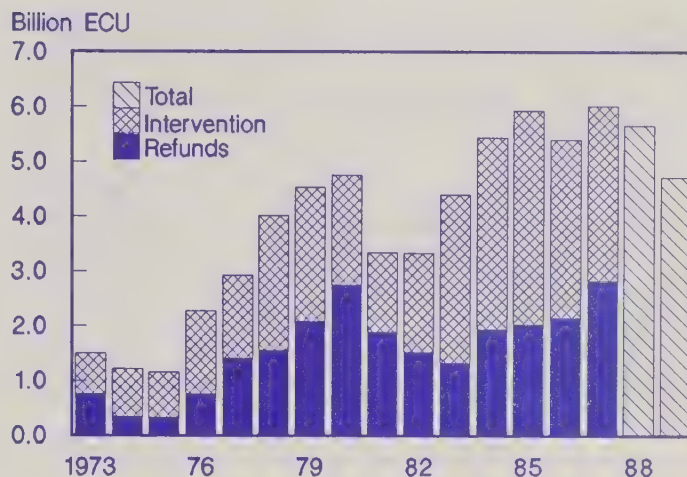
Preliminary data for 1988 show ending butter stocks at 21,000 tons, down 2,000 from the prior year and well below the 1984-1986 average of 31,000 tons. Cheese stocks at the end of 1988 were virtually unchanged from the year before at 75,000 tons, but considerably below the 1984-1986 average of 92,000 tons. Nonfat dry milk stocks exhibit the same pattern, with a small decline from 24,000 tons at the end of 1987 to 21,000 in 1988. Both figures are well below the 1984-1986 average of 38,000 tons.

#### ***Co-responsibility Levy and Butter Support Reduced***

With skimmed milk powder stocks at their lowest since the CAP began and butter stocks lowest since 1982, the co-responsibility levy was reduced in the 1989/1990 price

Figure 31

#### **EC Budget Expenditures for Dairy\***



\* 1988 preliminary; 1989 forecast.

package. Recognizing that dairy supplies had outpaced demand at the EC-determined price level, the co-responsibility levy was instituted in September 1977. It acted as a tax on farmers to help pay for market expansion programs including market promotion and targeted consumer subsidies.

Agriculture Commissioner MacSharry won a 2-percent cut in the butter intervention price to compensate for increased costs that will arise from the "SLOM" quota decision (see below) and for reducing the co-responsibility levy, arguing that the full cost of stock disposal had not yet been recovered.

#### ***EC "SLOM" Quota Approved***

In a case brought by a Dutch farmer named Mulder, the EC Court of Justice ruled that the allocation of dairy quotas beginning in 1984 had unfairly deprived him of his right to market milk. As a result, the Commission was forced to add 500,000 tons of new quota (called the "SLOM" quota, after the Dutch acronym for the case) for other farmers who participated in the Community's "outgoer" program in the late 1970's but wanted quotas under the superlevy program. The ruling increases the Commission's obligation to support milk, which ultimately increases costs for surplus disposal.

#### ***Milk Substitutes Law Challenged***

Following a similar ruling in 1987 that overturned a French law against the use of milk product substitutes, an EC court has ruled against a German law that prohibits the sale of milk made from or containing soybean products and other non-dairy sources. The basis for the ruling is an EC principle holding that a product marketed legally in one member state cannot be made illegal in another because such restrictions are considered unfair intra-EC trade barriers. Countries can require labeling that indicates the contents of products, e.g., the dairy or non-dairy composition of the product.

### **EC Bovine Somatotropin (bST) Decision Due in Summer 1989**

The Commission's report and recommendations to approve or ban bST, also known as bovine growth hormone, for use in the Community is expected this summer. There is resistance to approval on at least three standpoints:

- Farmers in some countries, most apparently in Britain and in the Netherlands, fear that the increase in milk per cow resulting from bST use will force some farmers out of business.
- If consumers do not trust the safety of dairy products from cows administered bST, dairy sales could fall.
- Approving bST would raise an apparent contradiction to the beef hormone case, in which even naturally occurring hormones cannot be administered to meat animals; Presenting the apparent contradiction in either the consumer or trade arena would seem to invite controversy.

Weighing against these arguments are three points in bST's favor:

- No decisive health or technical problems have appeared that would bar its approval on normal criteria.
- Efficiency gains would result by reducing milk production costs. The EC is a net exporter of milk products, so it fears becoming less competitive in international markets by forsaking the cost-saving bST that its competitors may adopt.
- By banning bST the Community would discourage investment in research and development of other biotechnology; companies, seeing that a safe product on the verge of acceptance had been denied approval on political grounds, would think twice before committing funds to develop biotech products in Europe.

### **Austria Conducted Milk Buyout Scheme**

To gain greater control over milk production, Austria conducted a dairy herd reduction program. Although Austria has had a milk production quota policy since 1978, the program has not held production to the quota due to insufficient penalties for overproduction and generous granting of farmers' applications for supplemental quota.

### **Sweden Abolishing Milk Production Controls**

In Nordic countries, dairy farmers are being required to take more of their returns from the market and less from the government, especially in Sweden. The Swedish milk quota system was abolished on July 1, 1989 (IFAP). The Swedes had adopted a two-price system in 1984, with a high support price guaranteed for quantities limited to domestic require-

ments. For any milk above the quota, a deduction was made corresponding to the gap between the domestic and world market prices. In 1987/1988, the deduction was 88 percent.

Non-EC Western European countries all have restrictive milk production policies. They have a basic self-sufficiency aim, but the governments are unwilling to pay for disposal of surplus stocks. [Steven A. Neff (202) 786-1610]

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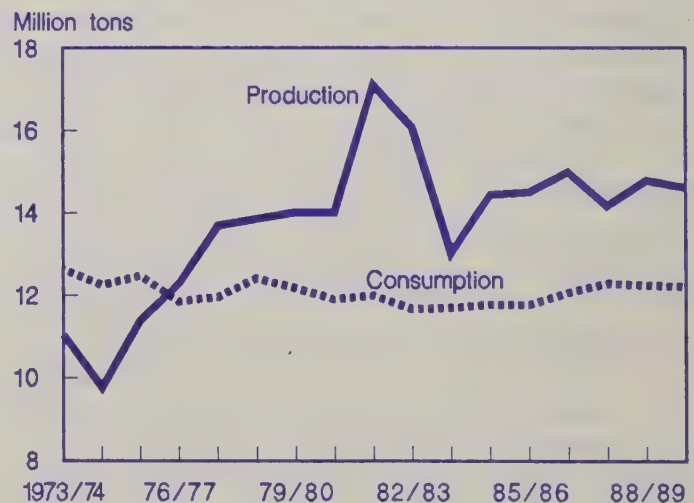
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## **Sugar**

### **EC Production Increased In 1988/1989**

Preliminary figures for 1988/1989 show EC sugar production rose 4.5 percent to 14.79 million metric tons, raw value; with a strong boost from excellent French sugarbeet yields and high rates of sugar extraction (figure 32). With maximum quotas ("A" plus "B" quotas) of 12.83 million tons of

Figure 32  
**EC-12 Sugar Supply and Use**



refined sugar production, EC producers will not have an opportunity to expand production profitably through the 1990/91 marketing year (the sugarbeet crop planted in the spring of 1990), after which the quotas will be reviewed. Sugarbeet yields have been rising an average of 1.5 percent annually in the 1980's, which implies that area must decline to avoid costly disposal of "C" (over-quota) sugar production or the EC will face greater surplus disposal problems.

#### ***Production in Other Western Europe Increased Sharply***

Production statistics for 1988/89 are expected to show an increase of 21 percent above the previous year, when a cool, rainy growing season reduced yields in Sweden and Finland. With good weather for growing sugarbeets in 1988/89, the crop was 3 percent above the 1980's average crop for the non-EC Western European countries. Switzerland reached 50 percent self-sufficiency for the first time.

#### ***EC Consumption Rising Slowly***

Sugar consumption in 1988/89 is expected to show a virtual standstill at 12.26 million tons raw value. The Commission is seeking new uses for sugar to boost consumption, as exemplified by the July 1986 expansion of the list of chemical industry products eligible for production subsidies if sugar or starch were used. The measures gave the chemical industries, which had claimed they were at a disadvantage in trade due to high EC prices, access to sugar and starch much closer to world prices.

Some sugar is being converted to ethanol and other industrial products in France. Sugar use by Germany's chemical industry is not growing rapidly, at least in part because a pilot and research plant lost its governmental support. Another factor in weak sugar demand is pressure from non-caloric sweeteners. For example, the patent on aspartame has expired, making aspartame more price-competitive with sugar and other sweeteners.

#### ***Other Western Europe Consumption Declined Marginally***

Preliminary figures for the 1988/1989 marketing year indicate a 1.9-percent drop in sugar consumption in non-EC Western Europe from the previous year. Consumption statistics have exhibited little movement or direction over the past 15 years.

#### ***EC Sugar Exports Up 1 Million Tons in 1988/1989***

Although the EC is more than self-sufficient in sugar, it has considerable two-way trade in sugar due to its import obligations—1.5 million tons raw value in 1988/1989—from African, Caribbean, and Pacific (ACP) countries. By the Commission's figures for the July 1987/June 1988 marketing year, 4.2 million tons of sugar were exported from the Community, and all but 0.8 million required export subsidies (Comm. of the EC, Jan. 31, 1989). EC net exports, exclud-

ing intra-EC trade, for the 1988/1989 marketing year are expected rebound to 3.19 million tons raw value.

#### ***Other Western Europe Net Imports Declined 12 Percent***

Nearly all of the change in trade can be attributed to readjustment from the year prior, when a short crop required heavier-than-normal imports in Sweden.

#### ***Sugar Stocks Rose Sharply in 1988/1989***

According to preliminary estimates for 1988/89, stocks rose 53 percent to 4.27 million tons raw value. Most of the additional stocks are in the form of 2.96 million tons of "C" sugar carried into the next marketing year. The carryover of "C" sugar was 1.38 million raw tons the year before, a buildup of 1.58 million tons.

#### ***Other Western Europe Stocks Increase in 1988/1989***

Reflecting the return to normal production levels, stocks in other Western Europe increased 12 percent above 1987/88.

#### ***New EC Price Package Cuts Sugar Price***

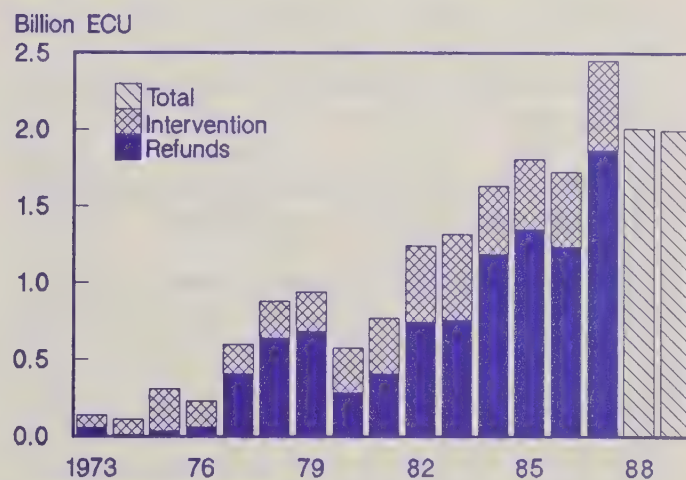
The EC price package, agreed on April 22, 1989, reduced the support for A and B quota sugar by 2 percent. However, since the price cut takes place October 1, rather than when the price package becomes effective in July, the real cut for the 1989/90 EC fiscal year is 1.7 percent. The Commission's original proposal called for a 5-percent cut, which was supported by the UK, France, and the Netherlands. However, after vigorous opposition by Germany and farm groups from other EC countries, the Commission countered with a 3 percent cut before agreeing to the final 2 percent.

#### ***EC Budget Costs Drop***

Community budget expenditures on sugar through the guidance section of the European Agricultural Guarantee and

Figure 33

#### ***EC Budget Expenditures for Sugar\****



\* 1988 preliminary; 1989 forecast.

Guidance Fund totaled 2.08 billion ECUs in 1988, down 15 percent from a year earlier (figure 33). Costs for 1989 are estimated by the Commission to drop slightly below 2 billion ECUs. Export refunds account for around three-fourths of EC outlays for sugar. The export refunds depend on the quantity exported and the gap between the internal EC price and the international market price. The world price (f.o.b. Caribbean, Contract #11) rose during 1988 and, in mid-June 1989, stood at about 13 cents per pound, compared with an average of 6.1 cents during 1983-1987.

Net sugar exports are expected to be approximately 1 million tons higher in 1988/89 than in 1987/88. Whether the higher export volume leads to increased budget costs will depend on the size of the price gap.

#### ***Switzerland Considering Sugar Reforms***

Switzerland is deliberating on sugar policy reforms that would shift more of the burden of its high-price policy from the government to consumers and producers. The Swiss are also considering purchasing more of their imports from developing countries as a matter of policy, whereas the EC is currently the chief source.

#### ***Austria Consolidates Industry, Reduces Prices***

To reduce production costs and ultimately consumer prices, Austria closed two of its five sugarbeet mills. With Austria applying for EC membership, in July 1989, the government moved to make the industry more competitive with EC sugar prices.

#### ***Artificial Sweeteners Legalized in Austria***

Competition in the sweetener industry increased in 1988/89 with the legalization of artificial sweeteners in some food and beverage products. There is still no high fructose corn syrup production in Austria.

[Steven A. Neff (202) 786-1610]

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#### **Horticultural Products**

##### ***EC Citrus Harvest Rises Despite Smaller Spanish Crop***

The EC citrus harvest was 8.4 million tons in 1988, up 8 percent from 1987. Orange output was up 12 percent, and lemons 5 percent. Spanish citrus production for 1988/89 is projected at 3.9 million metric tons, almost 15 percent below the exceptionally heavy 1987/88 crop. The decline is attributed to below-freezing temperatures in the early part of the year, and abnormally cool and rainy weather well into the summer. Output of satsumas and lemons is expected to be down significantly, but that of late oranges may rise 6 percent.

Reduced citrus output in Spain, however, was more than offset by significantly larger crops in Italy and Greece, the other principal citrus producing countries. Production in Italy is estimated to have increased 38 percent, and Greece 26 percent.

##### ***U.S. To Benefit from Larger EC Citrus Imports***

The citrus producing countries tend to concentrate their exports on different markets. Spain normally supplies over 60 percent of the West German market, while Italy and Greece supply Eastern Europe and the United Kingdom. It is unlikely that Italy and Greece can fill the gap in the West German market since the variety of oranges (salustianas) usually exported by Italy and Greece are not popular in West Germany.

The United States has established a sizable export market for grapefruit in the EC that is based on the unique quality of the U.S. fruit. U.S. sales this year are expected to exceed last year's. France, the largest market, imported 79,000 metric tons of U.S. grapefruit during the 1987/88, up 24 percent from a year earlier. France is likely to increase its grapefruit imports again this year.

##### ***Bumper EC Apple Crop May Curb Imports***

EC fresh apple production totaled an estimated 8.7 million tons in 1988, up 16 percent from 1987. Production rose in Italy and West Germany, the EC's largest producers, but fell in Spain, the United Kingdom, and France.

As in previous years of surplus apple production, EC policy will most likely trigger "preventive withdrawals," a device aimed at avoiding the incidence of storage costs on fruit that will almost certainly not find a buyer. This system, in effect since 1979, is operated by each member state. Producer organizations in the producing countries, anticipating a situation of over-supply and a fall in price, offer a higher level of compensation than the current market price.

This year the EC has negotiated a voluntary restraint agreement (VRA) on apple imports from the Southern Hemisphere. The VRA replaces last year's quota and licensing system which covered all apples imported into the EC, including those from the United States. EC apple growers pressed for a much lower apple import ceiling of 400,000 tons, due to this year's bumper harvest. The growers have complained of a surge in apple imports in recent years.

If internally produced apples were substitutes for imports, large apple crops would imply a decline in imports from the United States. However, imported apples are usually of higher quality than domestically produced varieties, creating two separate markets for apples in the EC. A large domestic crop does not, therefore, mean imports will decline.

U.S. apple exports to the EC in 1988, at 25,313 tons, were up sharply. The UK, the principal EC market for U.S. apples, imported 18,225, tons, or 72 percent of the total. The Scandinavian countries are another important market. In 1988, Sweden took 15,630 tons, Finland 9,691, and Norway 8,660.

After a year of negotiations with Sweden, the United States has obtained concessions that are likely to increase U.S. apple exports to this country. Sweden formerly imported apples only when local supplies were exhausted, but by 1990/91, imports will be permitted all year-round. In the meantime, Sweden is lengthening the period when imports can enter the country.

The Target Export Assistance Program (TEA) under the Food Security Act 1985 is being used to promote U.S. apple exports. The primary promotional efforts are aimed at the United Kingdom, West Germany, and the Nordic region—Sweden, Finland, and Norway.

### **EC Dried Fruit Imports Likely To Remain Strong**

Abundant raisin crops in Greece and Turkey in 1988/89 will mean stiff competition for U.S. raisins in the EC market. Greece benefits from various EC support measures, and Turkey has competitive prices and a transportation advantage. The United States, with large raisin supplies, may find it difficult to match last year's export volume of 43,766 tons to the region.

Prune production in France, the EC's largest producer, is expected to reach a record high of 40,000 metric tons in

1988, up 32 percent from 1987 and 28 percent from the 1983-87 average. However, cold temperatures during spring development caused rust-damage in a sizable proportion of the French crop. U.S. prune exports to the EC this year are likely, therefore, to surpass last year's 29,512 metric tons.

U.S. prunes and raisins now benefit from USDA's TEA program. TEA money is used to support industry programs from advertisements to in-store promotion.

### **Poor Harvest and Policy Changes Boost EC Tree Nut Demand**

An exceptionally poor harvest in Spain last year caused EC tree nut production to fall to 720,000 tons, 100,000 tons below a year earlier. Almond production declined almost 19 percent.

U.S. almond exports to the EC will benefit this year from concessions under the U.S.-EC citrus agreement. The EC is reducing the tariff on 45,000 tons of almonds from 7 to 2 percent during 1989. In 1988, the United States exported 104,027 tons of shelled almonds to the EC, 57 percent of total U.S. almond exports.

U.S. walnut exports to the EC should continue to grow because of promotional activities in West Germany and Spain financed by TEA funds. The EC is by far the largest importer of U.S. walnuts, taking 85 percent of total U.S. in-shell exports and 45 percent of U.S. shelled exports. Future U.S. walnut exports to the region, however, could be jeopardized if the EC places a proposed 100-percent duty on walnut imports in retaliation for U.S. duties on certain EC products that were imposed in January in retaliation for the EC ban on beef produced with hormones.

### **EC To Restructure Tree Nut Sector**

The structure of the EC tree nut sector has recently attracted the attention of EC officials. About 80 percent of EC tree nut production—over 660,000 tons—is used in domestic

Table 6--Intervention thresholds for selected fruits and vegetables

	1987/88	1988/89	1989/90
	----- Tons -----		Percent 1/
EC-10			
Apples	NA	NA	3.0 2/
Nectarines	NA	37,272	10.0
Satsumas	260	270	10.0
Clementines	25,520	23,650	10.0
Mandarins	169,650	148,299	35.0
Peaches	NA	358,417	17.0
Oranges	NA	301,972	13.5
Lemons	NA	99,174	13.5
Tomatoes, fresh	390,000	390,000	3/
Cauliflower	NA	NA	3.0 2/
Spain			
Lemons	NA	69,590	13.5
Clementines	NA	61,500	10.0

NA = not applicable.

1/ Percent of average production for last five years.

2/ Applies to production for consumption without processing.

3/ Same threshold as 1988/89.

Source: Commission of the European Communities. "Commission Proposals on the Prices for Agricultural Products and Related Measures." Com (89) 40, Brussels, Jan. 31, 1989.

food processing industries. Securing dependable domestic supplies, however, is a problem for EC processors because production takes place on many small and scattered farms in Spain, Italy, France, and Greece.

Last October, the EC Commission completed a detailed study of the nut-growing sector and proposed a number of structural improvements. Because the EC is such a large market for U.S. tree nuts, the proposals will be closely scrutinized by the United States.

#### ***New Stabilizers To Control Surplus Production***

Budget stabilizers, designed to control the budget costs associated with removal of surplus fruits and vegetables, were recently incorporated into the CAP. Intervention thresholds, similar to the stabilizer systems in operation for the grains and oilseeds sectors, were established in 1987/88 and broadened in the 1988/89 price package (table 6).

The fruit and vegetable threshold system includes both short-term and intermediate-term provisions. In any year, if the EC intervention authorities withdraw from the market an amount in excess of a commodity's threshold, the basic and buying-in prices for the following year will be reduced by a percentage determined by the quantity in excess.

Intervention thresholds—based on average market production over the previous 5 years—will be reduced each year until 1991/92. The 1988/89 intervention threshold for peaches, for example, is set at 20 percent of peach production over the past 5 years. This percentage will be scaled down to 17 percent in 1989/90, 15 percent in 1990/91, and 12 percent in 1991/92. Thresholds for other commodities covered under intervention thresholds under will experience similar reductions.

The new intervention system also will affect processing subsidies. In view of the intervention threshold system established for fresh peaches, the EC Council agreed to establish a guarantee production threshold for canned peaches. If the guarantee threshold is exceeded, the production aid for the following marketing year must be reduced in proportion to the amount the threshold is exceeded.

#### ***U.S.- EC Citrus Agreement Favors U.S. Tree Nuts and Citrus***

On December 8, 1988, the EC and the United States reached an agreement that permitted both sides to implement the remaining concessions under the citrus agreement.

In exchange for U.S. tariff concessions on products such as anchovies, sheep's milk cheese, pecorino cheese, satsumas, mandarin oranges, and several types of olives, the EC agreed to grant tariff concessions for almonds, lemons, grapefruit, and roasted peanuts. In accordance with GATT rules, the tar-

iff regulation states simply that the products involved must be imported from the world market, but it is highly probable that the United States will be the chief supplier. The 1989 quotas and duties for lemons and almonds are as follows:

Lemons: 10,000 tons at 6 percent duty for January 15 to June 14;

Almonds: 45,000 tons at 2 percent duty for all of 1989.

Since EC demand is strong for almonds and citrus fruit, U.S. exports are expected to benefit significantly from the EC concessions. The U.S. concessions are not likely to adversely affect U.S. producers, because most of the EC commodities are either not produced here, or produced in very small quantities.

#### ***Cotton***

##### ***EC Cotton Demand Weak, Supplier Competition Keen***

EC cotton production increased in 1988 to 338,000 metric tons, up 30 percent from the previous year. A larger harvested area accounted for most of the increase.

Over 95 percent of EC cotton production takes place in Greece and Spain. The volume produced, however, is usually less than 20 percent of the quantity needed by the EC textile industry. Actually, self-sufficiency is even less than 20 percent because some EC production, failing to meet the requirements of the domestic textile industry, is exported to Eastern Europe.

U.S. cotton exports to the EC-12 in 1988 were 235 million tons, down of 5 percent from a year earlier. Because of higher unit values, however, the value of U.S. exports increased 13 percent to \$370 million.

U.S. export shares, as well as shipments of upland cotton to the EC, are expected to fall again this year. This is largely the result of weak demand among the region's major importers, combined with aggressive pricing by major foreign exporters (table 7).

The weakness in the EC textile market reflects increasing imports of cloth and finished products originating in the Far East and other developing countries. A number of EC textile

Table 7--U.S. cotton export shares to selected EC countries

Country	1980-84	1986/87	1987/88	1988/89 1/
	----- Percent -----			
Italy	16	20	27	19
France	11	15	9	4
Germany	11	23	33	24
Portugal	10	11	7	5

1/ Based on estimates as of Feb. 9, 1989.

Source: USDA, Foreign Agricultural Service.

plants have closed and more closings are expected this year. Germany and Italy—the two largest EC raw cotton importers—have been especially affected by the imports of finished goods.

Courtaulds, one of Britain's largest yarn, fabric, and clothing companies, announced further textile mill closings, bringing to thirteen the number of plant closures announced by this company during the past year. Courtaulds' spinning mills account for roughly half of the UK spinning industry.

## **Tobacco**

### ***EC Tobacco Production Levels Off***

The Community produces about 6 percent of the world's raw tobacco. EC production, which had been increasing at an average annual rate of 2 percent during the previous 10 years, was a record 406,203 tons in 1985. During 1987 and 1988, however, production held steady at about 383,000 tons, i.e., below the maximum guaranteed quantity of 385,000 tons.

Production in Italy and Spain, the EC's main producers, contracted from 314,000 tons in 1985 to 291,000 in 1988, and this trend is expected to continue. Over the past 4 years, the EC has sought to discourage production of less popular tobacco varieties by lowering prices and premiums to growers of these varieties and by establishing maximum guarantee quantities for each variety.

### ***Tobacco Consumption Weakens***

Tobacco consumption continues to weaken in the EC, as it has in most developed countries, with demand-restraining influences of heavier sales/excise taxes, advancing retail prices, anti-smoking curbs and restrictions, and growing general concern over smoking-related health issues. In Spain, for example, the government increased retail prices for most domestically produced tobacco products effective January 1989. Increases range to 4.1 percent for cigarettes and 8.8 percent for other tobacco products.

### ***U.S. Tobacco Sales to the EC Rise in 1988***

U.S. tobacco exports to the EC rose from 84,000 tons in 1987 to 103,500 tons in 1988, but were nearly 4 percent

below the volume shipped in the early 1980's. U.S. exports of unmanufactured tobacco to the EC-12 averaged 107,370 metric tons during 1981-1985. Excluding year-to-year fluctuations, indications are that the long-term downward trend of U.S. tobacco exports to the EC is likely to continue.

### ***EC Proposes Standards for Tobacco Products***

In anticipation of 1992 when intra-EC trade barriers will be eliminated, the EC Commission introduced a proposal for harmonizing the national provisions governing the maximum tar yield of cigarettes, and the labeling of tobacco products. The proposal requests that all countries impose a uniform limit of 15 mg of tar per cigarette before the end of 1992, and lower the maximum tar content to 12 mg by December 1995. Currently, Spain and Portugal have tar limits of 24 and 28 mg per cigarette respectively. The 15-mg limit is based on recommendations from the World Health Organization. [Ruth K. Elleson, (202) 786-1610]

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# Europe 1992: Implications for Agriculture

by

David R. Kelch

**Abstract:** The EC has embarked on an ambitious program to fully integrate its diverse national economies by removing all barriers to the movement of goods, services, capital, and people by the end of 1992. If the program is successful, the short-term practical implications for agriculture are most pronounced for the EC's food and agribusiness sector with indirect effects on farming. The long-term implications of Europe 1992 for EC agriculture are profound as true common prices in a borderless EC-12 would lead to specialization in agriculture at the expense of the current degree of nationalization.

**Keywords:** European Community, 1992, EC, agriculture, Common Agricultural Policy, CAP, agrimonetary, food industry, trade barriers.

## Introduction

The foremost objective of the European Community (EC) over the next 4 years is to more fully integrate its internal market by the end of 1992. The ultimate thrust of Europe 1992 is to render the EC more competitive in world markets and more powerful in world affairs. This result is to be achieved by removing internal barriers to the movement of goods, services, capital, and people. The realization of this goal would create a single market of 320 million people with a gross domestic product of \$4 trillion which would allow greater economic efficiency and welfare through economies of scale.

The principal economic benefits of a more competitive EC economy in the medium term are estimated by the EC as (Cecchini):

- An additional average GDP growth of 4.5% percent, or \$250 billion.
- A decline in consumer prices of 6.1 percent.
- Creation of 1.8 million jobs.

These estimates are generally considered optimistic and would result only under optimal conditions. Nevertheless, the direction of the results are clear and all agree that economic benefits will occur (tables A-1 and A-2).

The ideal of 1992 is to deregulate commerce by eliminating trade barriers, thus creating an EC version of supply-side economics. The EC Commission (see Box) states in its 1988 White Paper on the progress of the 1992 program that:

“the phased progress towards EC market integration is in the process of administering a prolonged and positive shock to the Community economy and of providing a much broader and more dynamic market for business to develop in it.”

It is important to remember that the 1992 program is an ongoing process which began in 1985. The Commission intends to have the entire program phased in by the end of 1992. It should also be pointed out that very few believe that the entire program will be completed by the end of 1992 and others doubt that borders will come down in the foreseeable future. No one is sure either of the ultimate breadth and depth of the program because Europe 1992 is, in the final analysis, a complex political process.

## The Roots of 1992

The lack of economic integration within the EC was accompanied in the late 1970's and early 1980's by a growing unemployment rate (from 2.9 percent in 1975 to 10.6 percent in 1985), historically low birth rates which bode ill for the

Table A-1. Macroeconomic consequences of completion of the internal market 1/

	Frontier controls	Public procurement	Financial services	Supply effects
Relative change (percent)				
GDP	0.4	0.5	1.5	2.1
Consumer prices	-1.0	-1.4	-1.4	-2.3
Absolute changes				
Employment (thousands)	200.0	350.0	400.0	850.0
Budget balance (percent of GDP)	0.2	0.3	1.1	0.6
External balance (percent of GDP)	0.2	0.1	0.3	0.4

1/ Community as a whole in the medium term.

Source: Cecchini, Paolo. 1992: The Benefits of a Single Market, Commission of the European Communities, Luxembourg, 1988.

Table A-2. Estimates of the economic gains from completing the internal market

	Variants 1/ A B		Variants 1/ A B	
	Billion ECUs		Percent GDP	
Stage 1				
Cost of barriers affecting trade only	8	9	0.2	0.3
Stage 2				
Cost of barriers affecting all production	57	71	2.0	2.4
(a) Total direct costs of barriers	65	80	2.2	2.7
Stage 3				
Economies of scale from restructuring and increased production	60	61	2.0	2.1
Stage 4				
Completion effects on X-inefficiency and monopoly rents	46	46	1.6	1.6
Total market integration effects 2/ (b) Variant I (sum of stages 3 & 4 above)	106	107	3.6	3.7
(c) Variant II (alternative measure for stages 3 & 4)	62	62	2.1	2.1
Total cost of barriers and market integration effects 2/ Variant I = (a) + (b)	171	187	5.8	6.4
Variant II = (a) + (c)	127	142	4.3	4.8

1/ Variants A & B relate to the use of alternative primary sources of information introduced in the calculations in stage 1 and 2.

2/ Variants I and II relate to different approaches to evaluating competitive effects.

Source: MAC. "The Economics of 1992", European Economy, No. 35, Mar. 1988.

Table A-3. Non-tariff barriers in food processing

	Number of barriers recorded	Percent of total
Specific import restrictions	64	29.4
Labeling/packaging laws	68	31.2
Ban on specific ingredients	33	15.1
Rules governing product description and their contents	39	17.9
Tax discrimination	14	6.4
Total	218	100.0

Source: MAC. "The Economics of 1992", European Economy, No. 35, Mar. 1988.

EC's demographic/economic future, and economic stagnation. The combination of these three trends came to be referred to as "Eurosclerosis".

It was also clear that economic integration among the member states was stalled. There were increasing barriers to trade in the form of nontariff barriers, particularly in agriculture which was the only functioning example of a common market in the EC (tables A-3 and A-4). This drift toward renationalization of agricultural policies in order to control farm income had resulted in the implementation or continuation of over 200 non-tariff barriers in the food and drink industry which were identified by the EC (EC Commission).

Also, the rise of Japan as a world economic power, relatively rapid economic and employment growth in the United States

1/, and the Free Trade Agreement between the United States and Canada, prompted the EC to reassess its future as a world economic and political power (*Europe*). In the mid-1980's, the EC began to respond to Eurosclerosis and preparatory work culminated in the February 1988 agreements at the Brussels summit. The results that flow from the agreements may represent a watershed for EC agricultural policy in the long run.

### The 1988 Brussels Summit

Jacques Delors, appointed President of the EC Commission in 1984, presented a blueprint for a barrier-free internal EC market at the beginning of his tenure. The details of the blueprint were given shape and put into words by Lord Cockfield (the EC Commissioner for the Internal Market) in the 1985 EC White Paper on completing the internal market. The Cockfield White Paper consisted of 279 directives (100 are related to agriculture) which, if implemented, would create an internal EC market without borders. As of mid-June 1989, over 80 percent of these directives had already been proposed by the Commission and nearly 60 percent of these had been adopted by the Council. The Single European Act, which amended the Treaty of Rome to make the EC program legally and practically possible, was ratified by all member states in 1987.

1/ The United States created 21 million jobs during 1975-1985 while the EC lost nearly 1 million (Delegation of the European Communities).

**The EC Commission, the EC Agriculture Council, the European Parliament, and the EC Court of Justice.**

The *EC Commission* proposes legislation, implements EC policy, and enforces EC treaties. It has investigative powers, and can take legal action against companies or member states that violate EC rules. The Commission manages the EC budget and represents the EC in trade negotiations. There are 17 EC commissioners—two each from France, W. Germany, Italy, Spain, and the UK, and one each from the other member states. They are appointed by unanimous agreement among the EC member states, serve for 4 years, and can have consecutive terms. The commissioners act in the EC's interest, independently of national interest. The Commission's staff numbers about 11,000. The current EC Commission President is *Jacques Delors*, a former French finance minister.

The EC Commission is not to be confused with the *EC Agriculture Council* or other EC Councils composed of other ministers. The EC Agriculture Council is composed of the 12 ministers of agriculture from the member states, acts on Commission proposals, and is the final EC decision making body in agriculture. The presidency of the Council rotates among member states every 6 months. A very important reform which was enacted to make 1992 legislation possible in the Council provides for majority voting in certain areas that previously required unanimity. A useful phrase to distinguish between the two bodies is "The Commission proposes and the Council disposes."

**Voting In the EC Council**

EC member states have the following votes—France, West Germany, Italy, and the UK have 10 votes; Spain has 8; Belgium, Greece, the Netherlands, and Portugal have 5; Denmark and Ireland have 3; and Luxembourg has 2 for a total of 76 votes. A qualified majority requires 54 votes and a blocking minority requires 23 votes.

The *European Parliament* is the EC's only directly elected body and has 518 members who are elected every 5 years. Its members debate issues, question the commission and council, review the budget and propose amendments, and have final budget approval. It does not legislate but has been given greater power by the 1992 Program to influence certain council decisions.

The *EC Court of Justice* is the EC's "Supreme Court." It interprets EC law for national courts and rules on matters pertaining to EC treaties raised by EC institutions, member states, or individuals. Its rulings are binding. The court is comprised of 13 judges appointed for 6 years by mutual consent of the member states. The court is helping create a body of EC law affecting the daily lives of EC citizens and has been particularly important in making judgments where EC law and national laws conflict. It has consistently ruled in favor of EC law, thus paving the way for 1992 harmonization.

Final agreement committing EC member states to pursue and finance the completion of the internal market by the end of 1992 was reached in February 1988 at the Brussels summit of EC heads of state. This historic meeting was presided over by Delors and the West German presidency of the EC Council of Ministers (see Box). There were also important measures included in the agreement that affected the Common Agricultural Policy (CAP), including the introduction of budget stabilizers for grains and oilseeds. Among many other things, the agreement included:

- Acceptance of January 1, 1993, as the date for completion of the internal market.
- A 5-year package of financial reforms which increased substantially EC financial resources while limiting the growth of spending for the CAP.
- A doubling of structural funds to \$15 billion by 1993 to assist disadvantaged agricultural areas in preparation for 1992.

- Introduction of various CAP reform measures which could lower price support and weaken the intervention system.

Many other measures that could prove significant to EC agriculture, and to the GATT, were also approved including a package of direct income aid to farmers and establishment of a land set-aside program. The 1992 program was a driving force behind the 1988 Brussels agreements and could thus be instrumental in shaping the future of the CAP (Tracy). If the 1992 program is successful, the removal of all barriers to internal EC trade may give more flesh to the structure of the 1988 agreements on agriculture.

**The 1985 White Paper and Agriculture**

The EC Commission's 1985 White Paper on Completing the Internal Market is divided into three sections, all of which will affect agriculture. The three sections are:

- Removal of physical barriers.
- Removal of technical barriers.

- Removal of fiscal barriers.

Of the three, it is the removal of physical barriers which drives the 1992 program and which will affect agriculture most directly, while removal of fiscal and technical barriers will affect the food industry directly and agriculture indirectly.

### Implications of the Removal of EC Internal Barriers

An EC without borders has four fundamental implications for EC food and agriculture:

- A harmonization of plant and animal health standards, and food labeling, ingredients, and packaging laws.
- Harmonization of the taxes on food and agricultural products and inputs.
- Elimination of agricultural border taxes and subsidies.
- Incompatibility of quotas, variable premiums, and national aids with the 1992 program.

Harmonization of EC standards should improve market access both within the EC and for exporters to the EC. However, the harmonization process is worrisome to U.S. officials because of recent trade disputes in the meat trade which could surface again if U.S. standards conflict with new standards established on an EC-wide basis.

Elimination of EC agricultural border taxes and subsidies could result in less national control of farm prices and more common EC farm prices. National food taxes could no longer diverge to the extent they now do and EC convergence of food taxes means raising food prices in some countries while lowering prices in others. It would also represent an important loss of revenue for some countries. Other problems revolve around farm programs that are nationally based

such as the sugar and dairy quotas, variable premiums for livestock, and state aids to agriculture.

### Harmonization of Standards

Agreement to abolish internal borders by the end of 1992 means that standards and regulations must be harmonized and nontariff barriers eliminated. Nontariff barriers in the EC food industry have been estimated by the EC Commission to cost the industry an estimated \$600-\$1,200 million annually (table A-5). Most of these costs result from labeling, packaging, and ingredient requirements that restrict internal EC trade, and these barriers have been increasing over the years. Rulings by the EC Court of Justice (see Box) have consistently been in favor of supranational EC legislation over that of member states where local legislation inhibits imports.

The EC has agreed on the harmonization of essential minimum health and safety standards and on the principle of mutual recognition by the national governments of one another's regulations after agreed-upon essential standards are met. A significant development in this respect has been the willing participation of the EC's private sector in preparing directives. Theoretically, exporters should only have to satisfy the importing country's standards and then, under the principle of mutual recognition, they should have access to the other 11 countries' markets.

There is still widespread EC debate between "minimalists" who wish to establish essential minimum standards at the strictest level possible and "maximalists" who prefer to agree on an average EC level standard. The general tendency has been to standardize at much higher than average levels with intentions of reaching the highest possible standards acceptable (*Agra Europe*, March 1989).

There are 100 EC directives that are related to agriculture and 70 of them concern plant and animal health (phytosanitary regulations) with 30 directed at food processing. The method of legislatively passing directives is the following:

- A directive is first drafted by the staff of the appropriate office of the EC Commission.
- The directive is proposed, debated, and approved at the Commission.
- It is then sent to the EC Council (and to the EC Parliament) where it is debated and approved.
- It is finally sent to national legislatures for implementation which brings national law into conformity.

Public and third country input is allowed at the point of debate in the EC parliament (see Box) and the EC Council before adoption.

Table A-4. Examples of non-tariff barriers in food processing

Barriers	Countries
Purity law on beer	Germany, Greece
Purity law on pasta	Italy, France, Greece
Aspartame	France, Belgium, Spain
Vegetable fat-chocolate	all except UK, Denmark, Ireland
Vegetable fat-ice cream	Germany, France, Greece Luxembourg
Recycling of containers	Denmark
"Wort" tax on beer	U.K., Belgium, Ireland, Netherlands, Luxembourg
Health regulations	Spain
Bulk transport	all except UK, Netherlands
Saccharine	Italy, Spain, Greece
Chlorine	UK, Ireland
Labeling	Spain
"German" water	Germany
Plastic containers	Italy
Double inspection	Spain

Source: MAC. "The Economics of 1992", European Economy, No. 35, Mar. 1988.

Table A-5. Economic effects of the removal of non-tariff barriers in food processing

Barriers	Countries concerned 1/	Direct benefit	Increase competition 2/	Indirect restructuring 2/	Increased trade 2/	Total benefit
		Million ECUs per year		Million ECUs per year		Million ECUs per year
Purity law on beer	D,GR	15 to 20	M	L (90 to 215)	+5%	105-235
Purity law on pasta	I,F,GR	35-100	M	M	M	35-100
Aspartame	F,B,E	0-10	S	S	S	0-10
Vegetable fat-chocolate	all except UK,DK,IRL	190-235	M	S	S	190-235
Vegetable fat-ice cream	D,F,GR,LX	75-100	M	M	S	75-100
Recycling of container	D	<1	L	M	5%	<1
'Wort' tax on beer	UK,B,IRL,NL,LX	<1				<1
Health regulations	E	<1	S	S	S	<1
Bulk transport	all except UK,NL	<1	S	S	M	<1
Saccharine	I,E,GR	20-45	M	S	M	20-45
Chlorine	UK,IRL	<1	M	S	M	<1
Labeling	E	<5	S	S	S	<5
"German" water	D	<1	M	M	L (+2 to 3%)	<1
Plastic containers	I	15-50	M	M	+5%	15-50
Double inspection	E	<1	M	L	S	<1
Other (200 barriers)	all countries	0 to 200	S	S	S/M	0 to 200
Total		350-775	M	S/M	M	440 TO 975

1/ B= Belgium; DK = Denmark; D= Germany; GR= Greece; E= Spain; F= France; IRL= Ireland; I= Italy; LX= Luxembourg; NL= Netherlands; UK= United Kingdom. 2/ L = large; M = moderate; S = slight.

Source: MAC. "The Economics of 1992", European Economy, No. 35, Mar. 1988.

The current status of the 100 agriculture directives/proposals is the following:

- 42 adopted (28 are phytosanitary).
- 40 approved (24 phytosanitary).
- 18 not yet proposed (all phytosanitary).

With the glaring exceptions of the directive banning production and imports of meat derived from animals treated with growth hormones and the third country red meat directive, it is still unclear whether there will be major problems with the directives that affect agriculture. However, the more difficult animal and health proposals have not been proposed. Problem areas in a few proposals have been identified but more analysis and clarification is required. Further developments will be closely monitored, including the possible development of an EC equivalent of the U.S. Food and Drug Administration (FDA).

The EC's ban on hormones and its third country red meat directive leave serious doubts as to the positive outcome of the harmonization effects on exporting countries (Kelch, March 1989). The United States is particularly concerned that the EC continue its acceptance of the principle of equivalent standards which traditionally has meant that standards could differ to some degree as long as safety or quality were not jeopardized. The question of who sets world standards could also lead to conflicts because 1992 requires creation of

new EC laws and standards that could come in conflict with present world standards. However, all GATT members have agreed to move toward the use of international standards for food safety and plant and animal health. Recent visits by EC Commission officials to Washington and by the U.S. Secretary of Commerce to Brussels have helped to alleviate to a significant degree U.S. qualms about the harmonization of EC standards, particularly in testing and certification procedures.

The general opinion of exporters to the EC is that the harmonization of standards and regulations will be a positive development if the same rules apply to imports (U.S. Department of Commerce, Winter 1989). All agree that it would be very advantageous for foreign suppliers if a product imported into the EC only had to adhere to one standard and cross one bor-

Table A-6. Rates of VAT in the EC applicable on April 1, 1987

	Lower	Standard	High
	Percent		
Belgium	1, 6	17, 19	25, 23
Denmark	-	22	-
Germany	7	14	-
Greece	6	18	36
Spain	6	12	33
France	2.1, 4.5, 5, 7	18.6	33.3
Ireland	2.4, 10	25	-
Italy	2, 9	18	38
Luxembourg	3, 6	12	-
Netherlands	6	20	-
Portugal	8	16	30
United Kingdom	0	15	-

Source: Agra Europe, Ltd. 1992: The Implications for the Agrifood Industry, Special Report No. 48, London. Jan. 1989.

Table A-7. Excise duty rates as of April 1, 1987 and proposals for harmonization

	Pure alcohol	Wine	Beer	Cigarettes	Fuel
	ECUs -----per hectoliter----			ECUs per 1,000	ECUs per 1,000 liters
Belgium	1,252	33	10	2.5	261
Denmark	3,499	157	56	77.5	473
Germany	1,174	20	7	27.3	256
Greece	48	0	10	0.6	349
Spain	309	0	3	0.7	254
France	1,149	3	3	1.3	369
Ireland	2,722	279	82	48.9	362
Italy	230	0	17	1.8	557
Luxembourg	842	13	5	1.7	209
Netherlands	1,298	33	20	26.0	340
Portugal	248	0	9	2.2	352
UK	2,483	154	49	42.8	271
Rates proposed	1,271	17	17	19.5	340

Source: MAC. "The Economics of 1992", European Economy, No. 35, Mar. 1988.

der, assuming that the standard is reasonable and based on scientific evidence. The United States is well-positioned in the EC food processing and distribution sector as it owns or partially owns 12 of the top 20 EC food companies (Cecchini).

### Tax Harmonization

Taxes on various food items in the EC vary from zero in the UK to 38 percent in Italy (table A-6). There have been intense negotiations about the convergence of the value added tax (VAT) rates so that food purchases will not be distorted after borders are eliminated. One of the main problems is that the VAT is a major source of revenue for some EC members. Harmonizing the VAT will mean higher food prices for some member states and lower government revenues for others. The current discussions center around creation of a two-tier VAT system which would allow some tax differences to exist between food items. Proposals have been made to set VAT rates into two bands—from 4 to 9 percent for basic goods such as food, books, and newspapers, and a standard 14-20 percent for other goods with some possible exceptions for zero-based food in the UK.

There are also excise taxes on beverages, cigarettes, and gasoline that differ substantially among the EC member states that will have to converge (table A-7). Proposals to converge these taxes are under discussion. Negotiations will be very difficult as these taxes represent a significant source of revenue for some countries and because the current divergence of these taxes reflects health concerns to some degree in some member states and procedural agreement must therefore be unanimous.

### Quotas, Variable Premiums, and National Aids

There are also developments that will result from the elimination of borders for which there are no directives. The dairy and sugar quotas clearly violate the philosophy of 1992 because they are nationally based and are not transferable across borders. While abolition of these quotas is not a spe-

cific part of the 1992 program, economic and political forces are likely to develop when borders are dropped to make the quotas transferable to least-cost producers. Other quotas, such as the import quotas granted to New Zealand and the high quality beef quota, present problems for the 1992 program as the quotas are nationally based.

Abolition of the variable premiums in the beef sector is one example of the effects already felt in agriculture due to 1992. These premiums were nationally based as are the current lamb and mutton premiums which may also have to be abolished before the borders are gone.

There are numerous national aids to agriculture in the form of rebates, tax incentives, and other subsidies allowed by the CAP which are incompatible with a borderless economic market (*Agra Europe*, Jan. 1986). At present, national aids form a significant percentage of overall aid to agriculture. From 1981 to 1986, national aids represented an average 31 to 42 percent of total aid to agriculture, including both CAP guarantee and guidance expenditure, for the 4 largest member states (W. Germany 31, Italy 37, France 42, and the UK 38 percent, respectively) (*Agra Europe*, June 2).

### The Agrimonetary Dilemma

The development of separate exchange rates for agricultural commodities in the EC has created the most economic distortion in the CAP (Franklin). A major long-established goal of the EC Commission has been to eliminate these distortions, and 1992 could provide the rationale to achieve that goal.

### The Origin of the Problem

The fundamental pricing problem facing the CAP for 20 years has been the establishment of common prices for market intervention purposes in a monetary system that does not have a common currency. The European Currency Unit (ECU), in which common prices for agriculture in the EC are denominated, is not a currency but a basket unit of EC currencies. The ECU resulted from the European Monetary System (EMS) established in 1979 to moderate exchange rate fluctuations between EC currencies. Because the ECU represents a weighted basket of EC member state currencies, the member states' currencies can fluctuate in value against it.

EC farmers are paid in local currency converted by the ECU/local currency exchange rate. What this means is the common agricultural prices in local currencies would change on a daily basis because of currency fluctuations. This result has proven unacceptable to EC farmers and politicians.

The solution to the problem was to maintain each member state's exchange rate at a fixed ECU level for agricultural intervention purposes when an official realignment of currencies occurred within the EMS system. The fixed exchange

rate was then used for conversion into agricultural prices in each member state. Movement of this fixed exchange rate for agriculture (called the green rate) to the official exchange rate was to be phased in at some time in the future.

While this system provided farmers with stable prices, it created possibilities for trade across EC borders because agricultural prices differed among member states. Worse still, the open-ended intervention system of the CAP guaranteed acceptance of any quantity offered at the intervention price. This meant that the intervention system of the member state with the highest price would be overwhelmed by imports from member states with lower prices. To prevent this from occurring, a series of border taxes and subsidies called monetary compensatory amounts (MCAs) were created, exactly offsetting the price differences.

The political importance of the MCA system is that member states retained some control over national farm prices and hence farm incomes and food prices through manipulation of the green rates. This control undermines the functioning of a common market for agriculture. Abolishing MCAs because of elimination of frontier controls allows the EC Commission a unique opportunity to change the CAP pricing system and remove some of the price distortion. In fact, the EC Commission initiated a program in 1987 to dismantle all MCAs by the end of 1992 in anticipation of a borderless EC.

Perhaps of equal importance is that farm price declines for Germany, which resulted from the agrimonetary system, had to be countered by high EC common prices because of the powerful German position within the EC. The German dilemma led to the establishment of the green ECU in 1984, which meant that all member countries' green rates moved with the appreciating EMS currency (normally the German mark), thus creating an upward bias in EC farm prices in nominal terms (*Swinbank*).

Agricultural prices in national currencies have been allowed to drift higher than CAP common prices denominated in ECUs. This upward bias continues to be guaranteed by the present agrimonetary system (table A-8). Complicating the situation is the political influence of special interest groups, which has resulted in the creation of different green rates for

Table A-8. Average EC agricultural support prices: change from previous years

Year	ECUs	National currencies
	----- Percent -----	
1980/81	4.8	5.7
1981/82	9.2	10.9
1982/83	10.4	12.2
1983/84	4.2	6.9
1984/85	-0.5	3.3
1985/86	0.1	1.8
1986/87	-0.3	2.2
1987/88	-0.2	3.3
1988/89	-0.1	1.6
1989/90	-0.1	1.3

Source: Commission of the European Communities, *The Agricultural Situation in the Community*, various issues.

different commodities in the same country. There are currently 40 green rates in the EC.

## The 1992 Implications for MCAs

The implications of 1992 for the MCA system are significant because MCAs are collected at national borders which are scheduled to disappear by the end of 1992. Customs posts would not be maintained after 1992 solely for the collection of agricultural MCAs. It thus appears that MCAs must be eliminated, which could undermine the agrimonetary system.

### The Single Currency Issue Affects MCAs

At this point the EC cannot rid itself of green rates and their related MCAs and maintain common prices because that would result in daily changes in farm prices. The fundamental problem is that the EC does not have a single currency. There is a move towards a single currency. A special committee of experts, presided over by Jacques Delors, who is also EC Commissioner of Monetary Affairs, explored the steps required to create a European Monetary Union (EMU).

The initial recommendations of the special committee pointed the way to a three-stage approach to creation of a single currency. The final report was signed by all twelve presidents of the EC member states' central banks in April. However, the report addresses only the technical aspects of the single currency issue and not the most difficult aspect, which is political.

Realignments between currencies in the EMS system create MCAs. More intense coordination of fiscal and monetary matters among member states in an EMU would result in fewer and smaller currency realignments in the EMS. Hence, both the conditions which create MCAs and their magnitude would be reduced. If a single currency is ultimately established, and accepted, the effects on agriculture would be profound as true common prices would then be possible. However, serious obstacles remain, not the least of which is the lack of full British and Greek participation in the EMS system.

The most serious obstacle to an EMU is the question of national sovereignty over monetary policy. Current disputes over the harmonization of the VAT, indirect taxes, and excise tax levels have illustrated the depth of the differences between the member countries' methods of generating revenues (*The Economist*). Much more politically serious is the loss of national control over monetary policy. However, France and Germany seem agreed to move towards a single currency and the UK currently appears to be isolated on this issue. In this respect, it is not insignificant that France will occupy the EC presidency for six months beginning on July 1, 1989 since it is a vigorous proponent of deeper EC economic and political integration.

Another complicating factor from the 1992 program perspective and MCAs is that capital flows are to be liberalized by mid-1990. A free flow of capital across borders in a system with relatively fixed exchange rates could well give rise to exchange rate pressures that would require a EMS realignment and create new MCAs. This would then give scope for farm price increases through the agrimonetary system.

### **CAP Intervention System Is An Obstacle**

The main force driving the MCA system is the strong intervention mechanism of the CAP, which guarantees a high floor price for EC farmers. However, the intervention mechanisms of the CAP are being weakened by the February 1988 agreements in Brussels. Weakening of the system is accomplished by reducing the time period in which intervention is allowed, introducing more restrictive quality standards, and lowering storage payments.

If this process continues and there is more reliance on markets to take up supply, then the intervention price would no longer attract trade across borders, thus eliminating the need to introduce MCAs. This would represent a fundamental reform of the CAP and would lower farm prices.

### **Overall Consequences for Agriculture**

EC officials claim that Europe 1992 is not directed at agriculture and is not meant to affect EC agricultural trade. In fact, most EC officials feel that a common market already exists in agriculture and therefore will not be affected. Under closer scrutiny, however, it becomes obvious that the input and output prices facing farmers are going to be affected by the 1992 program which in turn affect farm income, one of the principal reasons for the existence of the CAP.

In addition, the CAP has accumulated a series of policy instruments to accommodate perceived political needs of member states. The most obvious are uncommon prices between member states, nationally based quotas, and national aids to agriculture. However, because of political problems arising from a borderless market (i.e., more common prices in a community with uncommon agricultures giving rise to farm income problems) there may be a move to increase national aids. If these aids were to take the form of direct income transfers instead of producer subsidies, then the economic distortion of national aids would be minimal and thus compatible with the ideal of 1992 as well as with the goals of the current GATT negotiations.

To the extent that Europe 1992 is successful there will be indirect effects for agriculture in the short term that warrant serious attention, as well as long-term implications that could have profound effects. This becomes more clear when the documents and intentions of the 1992 program are examined with the current policies of the CAP in mind.

### **Short-term Impacts on Agriculture Are Indirect**

Mergers in the EC food retail, wholesale, and processing industries have already occurred in anticipation of 1992. The reason for this flurry of activity is the apparent need to prepare for a larger market. Nationally based food companies and food processors need to become EC companies, increase their size of operations, and locate in the most geographically profitable region. Relocation would be dictated by the nature of the processing and the consumer market. This in turn could stimulate production in the relocation area.

Restructuring of the transportation and financial sectors will also significantly affect the food and agriculture sector. Transportation costs will be substantially reduced when border controls are removed because of lower administrative costs and less travel time. More savings on cost per unit transported (estimated at an overall 5 percent) will be realized when the practice of *cabotage* (which requires non-national trucks in some countries to return empty) is eliminated along with frontier controls (Calingaert).

Liberalization of financial services will allow credit institutions to move to wider markets in the EC and should result in more competitive loan and mortgage rates. The direction of the change in these rates could be affected by the extent to which loan and mortgage rates are currently subsidized and how these differentials are reconciled with the 1992 program.

Also affected will be industries that supply inputs to agriculture such as fertilizer, farm machinery, pesticide, and herbicide producers. These industries could lower costs to farmers both because of the harmonization of standards, scale economies, and a more competitive environment.

The free movement of people could also have an impact on farm costs. Farm labor is a significant cost item for many EC farms. Farm data from 1985 show that around 16 percent of farm labor was performed by non-family members in 1985 (EC Commission, 1989). Farm wages could be affected if farm laborers are allowed to circulate freely in the EC because of the 1992 initiative.

From a theoretical perspective, the short-term effects of a more competitive environment in the agribusiness sector should result in lower farm costs. However, the integration process is not sufficiently established and the technical details are not yet available to ascertain quantitative effects at this time.

### **Long-term Effects Are Theoretical**

Theoretically, abolition of MCAs and introduction of transferable quotas would lead to concentration of production in areas with lowest costs. Abolition of MCAs should lead to more common prices in the EC which would favor more effi-

cient producers. Transferability of quotas should also have the same effect because least-cost producers could bid higher prices for quotas than high-cost producers.

France has traditionally been the agricultural power in the Community and would appear the most likely to gain from an agricultural policy that operated more on the principle of comparative advantage. The CAP has allowed comparative advantage to dictate farm production in the EC but only to the extent that it was politically acceptable. Further extension of the principle of comparative advantage would be particularly significant for grain production in France. Milk production would also be affected, and France and the Netherlands would likely benefit from transferable dairy quotas (Gardner).

The 1992 program also has a strong environmental component in the Single European Act which is directed at agriculture. Strong pressure from environmental groups helps to provide the political rationale to provide some farmers with decoupled payments.

#### ***The Demand and Employment Side Is Also Promising***

Most of the attention in agriculture has been directed at the possible effects on production, when it is clear that a successful 1992 program could boost food consumption. If disposable income rises to the extent predicted, both because of growth in GDP and a decline in prices due to 1992, then increased food consumption would alleviate some of the surplus production of grain and meat that are exported.

The growth in employment brought about by 1992 should attract some of the marginal farmers into the non-agricultural labor force. This should result in fewer farmers and higher farm incomes. More part-time farming should also result as more jobs are created, further relieving the farm income problem.

#### **Theoretically, Consequences for World Trade Should Be Positive**

The theoretical effects of the single market, and the proposed modifications and restrictions on future CAP support mechanisms reinforced by 1992 initiatives, should result in lower exports of surplus EC agricultural products in the long term. The principal reasons for this conclusion derive from the following considerations:

- Lower intervention prices and a weaker intervention system due to elimination or modification of MCAs.
- Fewer EC surpluses because of increased food demand.
- Less CAP budget pressure to increase farm incomes because of lower farm input costs.

- Fewer EC farmers, particularly marginal ones that need high prices to survive, because of increased employment.

A successful 1992 program would also take the pressure off the CAP as the only example of a common market in the EC. Many economic sectors stand to gain from the program and to that extent a countervailing force could emerge to oppose agricultural lobbying efforts to stymie implementation of the full 1992 program.

#### ***The EC Political and Institutional Framework***

The key players in the 1992 program as it relates to agriculture are West Germany, France, the UK, and the governing bodies of the EC. Of the three countries, West Germany has the pivotal position for the following reasons:

- Economic, as it stands the most to gain from the 1992 program and its economy is the strongest.
- Agricultural, as it requires high prices in the CAP to provide its poorly structured farm sector with sufficient income.
- Financial, as it is by far the largest net contributor to the CAP.
- Political, as its coalition government is vulnerable to a consolidated farm vote.
- Environmental, because its citizens are particularly concerned about the safety (food) and appearance of their environment (the countryside) and are willing to pay for it (decoupled payments to farmers).

These five factors will continue to focus close attention on developments in West Germany.

France is the agricultural power in the EC and stands to gain from a liberalization of agricultural policy in the CAP. A return to comparative advantage would favor French agriculture and the French are strong supporters of greater political as well as economic integration in the EC. The combination of France and West Germany in favor of the creation of a single currency makes that possibility much more plausible.

The UK is a key player by virtue of the fact that Margaret Thatcher, the prime minister, is opposed to relinquishing any sovereign powers to the bureaucrats in Brussels. While Mrs. Thatcher favors the economic liberalization aspects of Europe 1992, she adamantly opposes creation of a single currency or any other development that would affect national sovereignty without assurances that a liberalized internal market will be created. More recently, Thatcher looks to be increasingly isolated, both domestically and in the EC, as her party suffered significant losses in the June EC parliamentary elections and the Paris-Bonn axis has begun to flex its

political and economic muscle in the monetary and social dimensions of the 1992 program.

### ***The Single European Act Affects EC Politics***

The political landscape in the EC has changed because of the 1988 agreements at the Brussels summit. The EC Commission has gained greater power at the expense of the Council of Ministers and it is the Commission which has the greatest political and institutional ability to introduce change. The European Council, composed of the 12 heads of state of the EC member states, has also been given a more formal role to outline broad policy directions. This elected political body represents much more than just agriculture and can dictate the directions that EC policy must take.

In addition, there are environmental provisions in the Single European Act which provide the rationale to furnish farmers with direct income transfers. The EC body politic is very sensitive to environmental issues and there is opposition to intensive farming methods in this respect. An extensification scheme designed to lower intensive use of inputs while guaranteeing a level of farm income is in the planning stages, a set-aside program has already been legislated, and a program of direct aid to farmers has also been implemented. These programs are currently limited in scope and budget but they provide the future political ground for decoupled payments. The key will be to convince farmers to accept these payments, particularly in West Germany, without producing an excessive surplus of agricultural products.

### **Conclusions**

The EC's program to complete its internal market by 1992 has generated considerable debate and has already prompted numerous internal mergers, as well as third country mergers with EC companies. EC officials, most member state leaders, and the EC's private sector agree that 1992 represents a necessary step to revitalize the EC economy and ensure its place in world markets and international political affairs.

To many EC officials, the impacts on agriculture appear to be of a secondary nature in the overall scheme of 1992 because agriculture is assumed to already have a common market. However, there appear to be a number of consequences for agriculture that flow from a successful 1992 program. The outcome for agriculture after 1992, as well as for other economic sectors, is far from certain at this point, but short-term effects for the EC's food and agribusiness sector will have indirect effects on agriculture. Theoretical long-term effects would result from a movement to an EC agriculture based more on comparative advantage. The need to abolish MCAs should tend to reinforce the moves towards changes in the EC's agricultural policy.

The overall impact of 1992 for world agricultural trade should be positive. Harmonization of EC standards and regu-

lations should facilitate import access to the 320 million-strong EC consumer market. CAP policy changes, either dictated or reinforced by 1992 incentives, particularly the elimination of frontier controls, should result in lower CAP-subsidized exports.

The political problems facing the 1992 project are formidable, particularly sovereignty over national monetary affairs and elimination of MCAs. Nevertheless, the impact of 1992 has already been felt in many sectors, including agriculture, and commitment to the goals of 1992 have been matched by EC legislative action. Attainment of these goals may determine to a great extent the speed and depth of changes in the CAP. At this point, very few believe that an internal EC market without borders can be created by the end of 1992, but few doubt that it will be done in this century. And that is an accomplishment by itself.

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# The European Community in the Uruguay Round: Agricultural Trade Negotiations and EC Policy

by

Mary Anne Normile

**Abstract:** The EC and other major trading nations are more than half way through the latest round of multilateral trade talks sponsored by the GATT. Agricultural issues are at the forefront of the negotiations. Disagreements between the United States and the EC over the objectives of the negotiations on agriculture led to a collapse in the talks in Montreal last December. The negotiations moved ahead in April as the United States and the EC found a temporary solution to their differences, but many issues remain unresolved. EC efforts to unify the internal market and strengthen economic ties with their west European neighbors raise the stakes for a successful outcome of the multilateral negotiations.

**Keywords:** European Community, agriculture, Uruguay Round, multilateral trade negotiations, GATT, trade liberalization.

## Introduction

The current round of multilateral trade negotiations is the eighth since the formation of the General Agreement on Tariffs and Trade (GATT) in 1948.<sup>1</sup> This round of trade talks is targeting several areas for more comprehensive treatment than in past rounds—services, investment, intellectual property rights (copyright, trademark, and patent protection), and agriculture. In particular, agriculture is enjoying a high profile. Past rounds gave less emphasis to barriers affecting agricultural trade because negotiations focused on reducing tariffs, and agricultural trade has been less restricted by tariffs than by nontariff barriers. As a result, tariff reductions negotiated in past rounds had only a small impact on agricultural trade. Efforts to include nontariff barriers under GATT disciplines during the Tokyo Round (1973-1979) were largely ineffective in bringing about freer agricultural trade. And, since most countries provide some support to their agricultural sector, there was little impetus to reduce domestic support policies and their effects on agricultural trade.

During the 1980's, world agricultural markets became increasingly distorted, disputes over agricultural trade multiplied and costs of providing support to agriculture escalated in many countries. These pressures led countries to seek to bring agriculture more fully under GATT disciplines through multilateral trade negotiations. Negotiators in the Uruguay Round have agreed to seek ways to liberalize agricultural trade through traditional means, such as reducing import barriers, but are also attempting to bring greater discipline on

the use of subsidies and other measures that affect agricultural trade directly or indirectly.

Last December, trade ministers from many of the world's principal trading nations left trade talks in Montreal without agreement on a framework for completing the multilateral trade negotiations. The breakdown in negotiations focused attention on the differences between the United States and the European Community (EC) over how to achieve freer trade in agricultural products. The United States and the EC have occupied a prominent role in these negotiations. Both are large producers and exporters of agricultural products, and both provide substantial support to their farmers. Their cooperation is crucial to the success of agricultural trade negotiations. The recent history of the Uruguay Round is essentially the story of the United States' and the EC's differences and how these differences were eventually resolved.

## Developments In The Uruguay Round

The current round of multilateral trade negotiations, the so-called "Uruguay Round", began in September 1986 when trade ministers of GATT member countries met in Punta del Este, Uruguay, and agreed on an agenda for the negotiations. The communique issued from those meetings (the Punta del Este declaration) set the agenda for the Uruguay Round. The declaration stated that the objective of the negotiations on agriculture is to liberalize agricultural trade by (a) improving market access through the reduction of import barriers; (b) improving the competitive environment by increasing discipline on the use of all direct and indirect subsidies and other measures that directly or indirectly affect agricultural trade; and (c) minimizing the adverse effects of sanitary and phytosanitary regulations on agricultural trade. Countries

<sup>1</sup> GATT refers to both the agreement and the international organization that regulates trade among the signatories to the agreement through a system of rules and measures for settling trade disputes.

further agreed not to take any trade-restrictive or distorting measures inconsistent with the GATT or to improve their negotiating position (the "standstill" provision), and that all trade restrictive or distorting measures inconsistent with the GATT would be phased out or brought into conformity with GATT regulations before the completion of the negotiations (the "rollback" provision).

Since then, delegates of these countries have met in Geneva, Switzerland, for several negotiating sessions. The talks are scheduled to continue through 1990. Negotiating responsibilities have been divided among 15 groups, with a separate group assigned to agricultural trade issues. The negotiating group on agriculture spent much of the last year and a half debating the various proposals submitted by countries or groups of countries. At the midpoint of the scheduled negotiations last December, there was still no consensus among the major participants on the goals of the negotiations on agriculture.

The United States submitted its initial proposal for agricultural negotiations in July 1987, calling for removal of all trade-distorting agricultural policies—including domestic subsidies and market access barriers—within 10 years. The EC in turn submitted its own proposal in October of that year and rejected complete elimination of subsidies as "unrealistic." The EC proposed measures to deal with the short-term effects of agricultural support policies—overproduction and disequilibrium. The cause of these problems—agricultural support policies—was to be dealt with in the long term.

Both parties resubmitted proposals prior to the Montreal mid-term review. The U.S. proposal—"a framework for agricultural reform"—submitted in November 1988, elaborated on some of the elements of the original proposal, calling for:

- Liberalizing market access by converting all nontariff measures to fixed tariff rates, and establishing a schedule for phased reduction and elimination of these tariffs (the "tariffication" proposal).
- Reforming agricultural support by agreeing to phased reduction and elimination of all agricultural subsidies that directly or indirectly affect trade.
- Reducing technical barriers to agricultural trade through harmonization of national health and sanitary standards, which are to be based on appropriate international standards or verifiable scientific evidence.

The U.S. proposal would allow direct income or other "decoupled" payments (unrelated to production and marketing), as well as bona fide food aid programs (U.S. Dept. Commerce, U.S. Trade Rep.). The U.S. proposal, while not specifically endorsing the use of an aggregate measure of support (see glossary), recognized that the Producer Subsidy

Equivalent (PSE) could play a useful role as a means of monitoring reductions in agricultural support.

In October 1988 the EC also resubmitted a proposal that was basically unchanged from their initial proposal. The EC plan called for a two-stage process. In the first stage, countries would attempt to stabilize agricultural markets in disequilibrium through the adoption of "short-term measures". These measures would include an immediate freeze on agricultural support at 1984 levels, and a further agreement to stabilize output of commodities where markets are in disequilibrium, identified by the EC as including cereals, dairy products, meat, rice, sugar, oilseeds, and protein crops. Countries would agree to reduce support by a percentage to be negotiated. The proposal to use 1984 as the base year for evaluating support would be highly favorable to the EC. By freezing EC support at high levels, it would be easier for the Community to comply with modest negotiated reductions in support. The EC proposal would also give "credit" to countries who, like themselves, have already taken steps to reduce support.

In the second stage, countries would begin to deal with the underlying causes of market imbalance by gradually reducing agricultural subsidies. The EC proposed using another aggregate measure of support, the Support Measurement Unit (SMU), instead of the PSE. The SMU excludes from the computation of support any direct payments for production controls, includes as a "benefit" the effects of supply controls, and uses a fixed external reference price to exclude the effects of exchange rate changes and other nonagricultural policy factors.

The basic disagreements between the U.S. and EC positions going into the midterm review were:

- Short-term measures: The United States maintained that it was necessary to agree on a schedule for long-term elimination of trade-distorting agricultural support before agreeing to a short-term freeze or reduction in support. The EC wanted to see an immediate freeze and agreement on short-term measures to stabilize markets in disequilibrium; long-term objectives would be subject to negotiation.
- Aggregate measure of support: The EC proposed the SMU, a measure which is more restrictive in its policy coverage than the widely-accepted PSE, and which favors the EC through its use of a fixed reference price. The U.S. position is to negotiate reductions of specific policy instruments, rather than an aggregate measure of support; the PSE could then be used to evaluate compliance with negotiated support reductions. The EC proposed basing support reductions on 1984 levels; the United States recommended a 1986 base.

- Reduction/elimination of subsidies: The United States insisted on an agreement to eliminate trade-distorting subsidies over some time period—the so-called “zero option.” The EC would agree to negotiate reduction, but not elimination, of subsidies.

The United States and the EC had little common ground in the proposals they submitted to the GATT in the first half of the Uruguay Round, and when trade negotiators met to review progress in Montreal last December, their positions were still far apart. At the mid-term review, agreements were reached in 11 of the 15 negotiating groups, including agreement on services, on strengthening GATT rules and procedures, and on targets for tariff reductions. Agriculture proved once more to be a sticking point, with the United States and the EC deadlocked over the long-term goal of agricultural reform. Both parties held fast to the principles embodied in their negotiating proposals, and these differences could not be bridged during the course of the meeting.

The negotiating groups on intellectual property rights, safeguards (permissible measures to protect domestic industries from import competition), and textiles also failed to reach an agreement. Certain Latin American countries refused to proceed with agreements already reached unless there was progress on agriculture. As a result, agreements reached by other negotiating groups were held in abeyance until the April 1989 meeting of trade negotiators in Geneva. The mid-term review ended in an impasse over the failure of the two principal players to reach an agreement on agriculture.

After Montreal, EC and U.S. officials met on several occasions to resolve the impasse and to pave the way for agreement at a “second midterm review” in Geneva in April. In February, the new U.S. administration’s team of trade negotiators met with EC officials and for the first time agreed to discuss short-term measures prior to reaching agreement on long-term reduction of farm subsidies. There were also meetings between the United States and representatives of the Cairns Group, and GATT Director-General Arthur Dunkel, under a mandate received from trade ministers at the Montreal meeting, met with leaders of key countries in a mediation attempt.

The United States and the EC continued to differ over the language and substance of their respective proposals. The United States proposed new wording on long-term measures, calling for “ratcheted” reductions in agricultural support and protection that would “correct and prevent restrictions and distortions in world agricultural markets.” Long-term support reductions could be achieved through negotiations on specific policies, on aggregate measures, or on a combination of both. The United States continued to favor a policy-specific approach, while the EC insisted on using an aggregate measure.

The United States also proposed new short-term measures: a freeze over the next 2 years on support and protection policies, including market access barriers, and an agreement not to initiate any new programs. The freeze would be expressed in terms of specific policies and measures, not on the basis of an aggregate measure of support.

The EC continued to insist on receiving credit for reforms undertaken unilaterally, and urged the United States to take equivalent steps. Agricultural Commissioner MacSharry maintained that any long-term reform would have to result in a “rebalancing” of support, i.e. lower support and reduced exports of cereals in exchange for increased support or reduced imports of nongrain feeds and oilseeds, which have displaced some domestically-produced cereals in livestock feed.

EC officials also reacted unfavorably to the notion of “tariffication”—converting market access barriers to a fixed tariff equivalent—because it would severely restrict the operation of the CAP. Both the variable levy and the export refund adjust to changes in world prices in order to maintain internal support prices at their fixed level. Freezing either of these instruments would place severe limitations on the CAP and reduce the its ability to insulate EC farmers from world price changes.

On the brink of yet another impasse, a breakthrough occurred when GATT Director-General Arthur Dunkel mediated a compromise proposal that called for a freeze in farm support at 1989 levels, and “substantial, progressive reduction” of trade-distorting subsidies. This plan formed the basis for discussions at the April meeting that eventually led to an agreement on agricultural negotiations.

### The Agreement on Agricultural Negotiations

The April meeting of the GATT Trade Negotiations Committee in Geneva brought the mid-term review to a conclusion by producing an agreement on the goals of the agricultural negotiations, and a framework for the remainder of the scheduled talks. The agreement established specific deadlines for achieving certain goals but left the details of implementation ill-defined.

The negotiators agreed that the long-term objective of the negotiations will be to achieve a “fair and market-oriented agricultural trading system” through negotiated commitments on support and protection and through the establishment of strengthened GATT rules and disciplines. These commitments will entail “substantial, progressive reductions in agricultural support over an agreed period of time, resulting in correcting and preventing restrictions and distortions in world agricultural markets.”

## Support to EC Producers Continues to Rise

Support provided to farmers in the European Community rose again in 1987. <sup>2/</sup> The aggregate Producer Subsidy Equivalent (PSE), a weighted average of the 13 commodities for which PSE's are calculated, rose from 49 percent of the value of production in 1986 to 53 percent in 1987 (figure B-1). Commodities included in this measure account for about two-thirds of the value of all agricultural production in the EC.

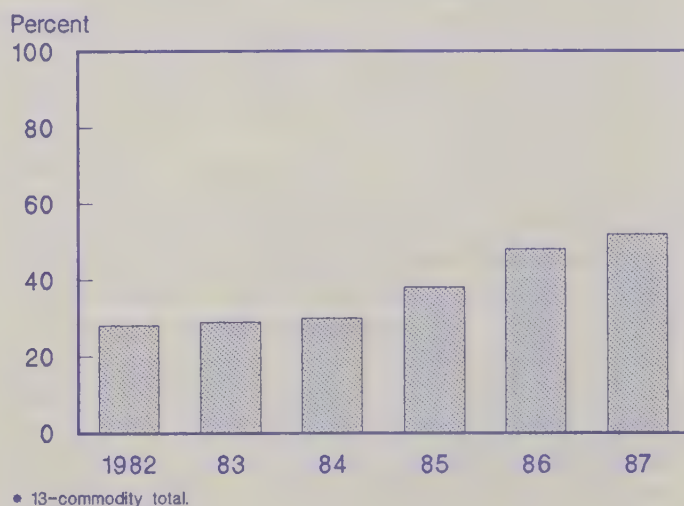
In 1987, large increases in measured support (greater than 10 percent) were registered for barley, dairy, beef/veal, pigmeat, poultrymeat, and sheepmeat (table B-1). Support rose marginally for soybeans and declined for corn, rapeseed, rice, sugar, and soft and durum wheat. Higher support to producers of livestock products outweighed declines in support to most crops. These increases occurred despite measures taken by the EC Commission to limit support, including oilseed price cuts, introduction of dairy quotas, and a weakened intervention support system.

Why did measured support rise despite EC claims of reforms aimed at limiting producer subsidies? PSE's for the European Community are based on the difference between the price received by European producers and a world market, or "reference", price. PSE's may increase as a result of higher support prices, lower reference prices, or increases in direct payments to producers. Exchange rate changes may also affect the levels of measured support by increasing or decreasing the ECU price of a commodity whose world market price is usually quoted in dollars.

<sup>2/</sup> The years shown refer to calendar years for livestock products and marketing years for crops. For example, the 1987 wheat PSE was calculated for the marketing year that began on July 1, 1987 and ended on June 30, 1988.

Figure B-1

### EC-10 Producer Subsidy Equivalents\*



In 1987, prices received by EC producers rose only for rice, poultry, and veal (but declined for beef). For most commodities, increases in measured support came about as a result of lower reference prices. In 1987, world market prices for many commodities were depressed because of high stock levels and a competitive sales environment in many markets as a result of subsidized sales by the EC and the United States. Lower world market prices caused the price "gap"—the difference between high internal Community prices and the world market price—to grow. For example, sheepmeat producer prices actually fell, but the sheepmeat reference price fell by a greater amount, increasing the price "gap" and, thereby, measured support. In the case of dairy, there was virtually no change in the producer price of milk, and quotas reduced the volume of milk eligible for support. Nonetheless, a large drop in the milk reference price led to a substantial rise in the dairy PSE.

Exchange rate shifts also accounted for lower world market prices expressed in ECUs. The dollar peaked in value against the ECU in March 1985, declined steadily through 1986 and 1987, and bottomed out in December 1987. Over that twenty-month period, the dollar lost 47 percent of its value against the ECU. The weakening of the dollar had the effect of making world commodity prices lower when expressed in ECUs (the ECU/dollar exchange rate fell), and, with little or no change in internal EC prices, widened the gap between EC and world market prices. The exchange rate effect is more than an accounting phenomenon, however; a wider gap between EC support prices and world prices requires the Commission to pay higher export refunds to bridge the difference between world and internal prices; similarly, variable levies must increase.

Further evidence of rising support levels is given by the EC budget. Rising self-sufficiency levels and growing surpluses of many commodities over the past several years have meant that more support is being provided from budgetary resources, and relatively less from consumer expenditures, making the agricultural budget a good barometer of changing support levels. In 1987, EC outlays on commodity support rose by one-quarter over the previous record in 1986 (see Appendix table 9).

The PSE's for the major EC commodities provide some insight into the Community's proposal for an aggregate measure of support in trade negotiations. The SMU (Support Measurement Unit) proposed by the EC would use a fixed external reference price and thus avoid the increases in measured protection that result solely from declining world market prices or adverse exchange rate shifts.

Table B-1. EC-10 producer subsidy equivalents (PSE) by commodity

Commodity	1982	1983	1984	1985	1986	1987	1986-87
	----- Percent -----			----- Percent change -----			
Wheat, soft	27	10	4	31	59	55	-7
Wheat, durum	36	33	23	46	58	49	-16
Barley	4	22	2	10	39	55	41
Corn	20	0	6	36	62	56	-10
Rice	29	25	42	59	73	56	-23
Rapeseed	50	37	20	52	64	53	-17
Soybeans	51	14	43	67	44	46	5
Sugar	47	46	59	59	64	61	-4
Milk	34	34	42	43	65	73	12
Beef/veal	38	42	49	56	36	40	11
Pigmeat	12	15	8	14	27	32	19
Poultrymeat	22	33	25	30	34	44	29
Sheepmeat	39	43	45	40	52	59	13
13-commodity PSE	29	30	30	38	49	53	8

Source: Economic Research Service calculations.

### Short-term measures

The agreement on short-term measures puts specific terms on the "standstill" provision of the Punta del Este declaration and sets deadlines for implementing the "rollback" provisions. The ministers agreed to freeze support and protection in 1989, with further reductions scheduled in 1990. The freeze includes domestic and export support and protection, as well as market access barriers, but excludes acreage reduction programs. It specifies that domestic and export support and protection are not to exceed 1989 levels, and that tariff and nontariff barriers currently in force are not to be "intensified." This language avoids saying that current barriers may not be increased, which would have put restrictions on the EC's use of the variable levy. Compliance with this provision is defined as granting access opportunities no less than those granted on average in 1987 and 1988. For many products, this implies a continuation of the fairly restrictive EC market access policies.

Support prices, expressed in ECUs in the case of the EC, may not be raised above April 1989 levels. This provision incorporates one element of the EC's formula for measuring aggregate support—measuring support in the country/region's own currency avoids some of the problems created by exchange rate movements when trying to express support in a common currency. However, it allows the EC the "loophole" of increasing support through green rate manipulations, as it has done in most of the past several years.

Participants further agreed to reduce support and protection levels for 1990, as measured either through aggregate reductions or through specific policy measures. The proposed reductions are to be submitted by each country/region in October 1989.

### Long-term measures

The long-term elements of the agreement require substantial, progressive reductions in agricultural support, leaving open

the question of whether an aggregate measure of support will be used to achieve these reductions, or whether specific policies will be addressed. Credit will be given for measures enacted since September 1986, the date when the Punta del Este declaration was issued, if they "contribute positively to the reform program." The agreement provided no additional detail on this point, leaving unanswered the question of how it will be determined what measures contribute to reform.

The long-term commitments are to include all measures that directly or indirectly affect import access and export competition, including quantitative restrictions, other nontariff barriers, tariffs (including bindings), internal support measures, and export assistance. This suggests that both the U.S. Section 22 import restrictions and the EC's quantitative import restrictions maintained under protocols of accession will be addressed in the negotiations.

The framework included an agreement that sanitary and phytosanitary regulations should be harmonized among countries, and that measures for protecting human, animal and plant health should be based on sound scientific evidence and be in accordance with appropriate standards established by international organizations. This agreement was a major objective of the United States in the negotiations on agriculture.

The framework text included no specific reference to either the U.S. tariffication proposal or the EC proposal for rebalancing agricultural protection. The U.S. tariffication proposal will be addressed at a later stage in the negotiations. The detailed proposals (country plans), to be submitted by December 1989, will address the aggregate measure of support, GATT rules, treatment of developing countries, sanitary/phytosanitary regulations, and ways to adapt support and protection (including tariffication and decoupled income support). It is expected that the EC will submit its proposal for rebalancing aid to agriculture at that time. Participants are to agree on the long-term reform program and the time frame for its implementation by the end of 1990.

## What's Behind The Positions

Fundamental differences between the EC and the United States exist over how each views its own and the other's policies, and over what each wants to achieve in the negotiations. EC policymakers believe that they have already taken steps to reduce support to its agricultural sector through a number of "reforms" undertaken since 1985. The United States views the EC's reform measures as marginal adjustments to the CAP that fail to address the distortions to agricultural trade resulting from production and export subsidies and curbs on imports.

The EC has instituted a dairy quota system, frozen support prices (in nominal ECU terms), and made greater use of producer levies to fund surplus disposal. They have also reduced the scope for intervention buying, instituted a set-aside program for crops, and adopted "stabilizers"—automatic price penalties for production in excess of target quantities—for various commodities. These measures are designed to curtail the rapid growth of EC budgetary expenditures and reduce surpluses by limiting the volume on which full support is paid.

While many support prices have been frozen in ECU terms, prices in local currencies rose because of exchange rate ("green rate") manipulations. The stabilizer mechanisms instituted for grains and oilseeds have, as yet, had little impact on production—1988 EC production of both grains and oilseeds were the second-highest on record. The dairy quota system has reduced dairy production, but output is still well in excess of domestic needs, and a decision to increase the global quota threatens to reverse much of the gains. The acreage set-aside scheme for crops has yet to show much success, because set-aside payments offered by most member states are not high enough to encourage much producer response.

The reform measures leave the CAP, with its system of supporting producer prices at levels well above world market prices, largely intact. EC producers continue to be isolated from market signals, and high support prices encourage continued excess production. Surplus production continues to be exported through liberal use of export subsidies, displacing commercial exports and depressing world prices. Access to the EC market continues to be limited by variable levies and quantitative import restrictions.

The United States also considers that it has taken positive actions that contribute to long-term agricultural reform. Since the adoption of the Food Security Act of 1985, target prices and loan rates have been reduced. Supply control measures such as the dairy herd reduction program and acreage reduction programs have reduced the price-depressing effects of excess production.

EC officials view other actions taken by the United States since 1986 as violating the standstill and rollback commitments contained in the Punta del Este agreement. The EC cites as violations the passage of the Omnibus Trade Act of 1988, which increased funding and liberalized terms for export promotion programs, including the Export Enhancement Program (EEP) (a program that provides export subsidies for agricultural products), a proposed lifting of the ceiling on EEP expenditures, and changes in the 1988/89 set-aside program that reduced the set-aside requirement for program participants and will result in increased grain production.

The United States maintains that the EEP is necessary to offset the advantage in some markets conferred by the EC's export subsidies, that some provisions for increased EEP levels will be enacted only if there is no progress in trade negotiations, and that a lower set-aside requirement is necessary to rebuild grain stocks after last season's drought.

Each party would also stand to gain significant advantage if its own proposal were adopted. The EC favors negotiating on the basis of an aggregate measure, preferably the SMU. An aggregate measure would give the EC greater flexibility in how support levels were reduced. If reductions were to be evaluated using the SMU, the Community could achieve targeted reductions by imposing supply control measures, or by reducing the internal support (target and intervention) price, without increasing market access. If 1984 were the point from which reductions in support were measured, the EC would be required to make few, if any, new policy changes to comply with a support freeze.

The United States favors complete elimination of trade-distorting support, and sees "progressive, substantial reductions" leading eventually to elimination. The United States—and other countries that favor the zero option—also consider that sustained reductions in support that result in "correcting and preventing distortions" imply the elimination of the policies that lead to distortions. U.S. agricultural exports have been hurt in part by other countries' import barriers and by their production and export subsidies. The zero option is seen by the United States as the best way to deal with the entire package of trade-distorting policies. Merely reducing support could allow countries to change some policies while leaving others in place, preserving distortions in world agricultural markets. Because protection levels differ among countries, negotiated reductions in support from a base year could leave some countries with support levels that are significantly higher than others. If the eventual goal of agricultural negotiations is, as the United States believes, free trade in agricultural products, an agreement on eventual elimination of trade-distorting support is seen as the most certain route for achieving that goal.

The EC opposed the zero-option from the outset. Complete elimination of trade-distorting agricultural subsidies as proposed by the United States would require a fundamental change in the way support is provided to EC producers. Under the CAP, producer prices are supported through a combination of import levies, export subsidies, and intervention purchases. Providing the same level of assistance with decoupled support could entail replacing price support measures, funded largely by EC consumers, with a form of income support that would severely tax the Community's budgetary resources.

Alternatively, decoupling could mean a return of the responsibility for agricultural support to individual member states, which could produce large inequities in the levels of support among EC countries. Such an outcome would be inconsistent not only with the CAP, but also with the efforts to unify the internal market. These constraints suggest that eliminating trade-distorting support would result in much lower (decoupled) support. EC policymakers fear that sharply reduced levels of support would threaten the existence of the EC's numerous small farms, which would be unable to compete with large commercial operations.

Each party's position is also influenced by how it provides assistance to farmers and the underlying competitiveness of its agricultural sectors. In the United States, support is provided primarily through income support in the form of deficiency payments, export subsidies, and, in some cases, government purchases. With a few exceptions, such as sugar and dairy, little support is provided by consumers through higher market prices. The burden of supporting the agricultural sector thus falls most heavily on taxpayers. The growth of the budget deficit and the administration's commitment not to raise taxes have pressured policymakers to reduce many areas of expenditures, including those for agriculture.

The EC has also experienced pressure to reduce spending on agricultural support, but has responded by enacting budget stabilizers and imposing producer coresponsibility levies. A larger part of total assistance is funded by EC consumers through higher food prices. Yet, there has been surprisingly little pressure from consumers to reduce agriculture support in order to lower food costs. European consumers appear willing to pay higher food prices to ensure a secure supply of high-quality food, maintain employment, and protect their picturesque countryside.

How far a country is willing to go in adopting agricultural reform depends on how they think they will fare in a free-trade environment. The United States believes that it is competitive in the production of many agricultural products, and, as such, would benefit from freer agricultural trade. Multilateral removal of trade-distorting support would allow most U.S. producers to exploit their competitive advantage and

enjoy substantial increases in export volume. The EC, with its higher costs of production in many areas, would likely lose export share, and increase its imports of many commodities. Elimination of these subsidies would entail adjustment costs in the EC, while reductions in support may be easier to implement.

## **EC Domestic And External Trade Policies Will Affect Negotiations**

Developments in EC domestic agricultural policy and foreign trade policy—the recent efforts at EC budget reform, the 1989/90 agricultural price proposal, the Community's goal of unifying the internal market by 1992, and discussions aimed at strengthening economic ties with other European countries—could affect the outcome of the negotiations.

The policy changes adopted since 1984 have affected the Community's negotiating stance, as the EC continues to press for credit in any agreed support reductions for reforms it views as unilateral concessions. These reforms have already met with resistance from EC farmers, and as a result, it may be politically difficult to achieve further reductions.

The new CAP financing scheme, which was adopted at the same time as the budget reforms, makes more money available for agricultural support. Although the new scheme limits the growth of agricultural spending, the limit may be increased under certain circumstances. Limits on expenditure growth and increased revenue will ease pressure on the EC budget and may thereby remove an important incentive for the Community to agree to substantive trade concessions in multilateral negotiations.

The reforms rely increasingly on measures—dairy quotas, maximum guaranteed quantities, and producer levies on excess production—that attempt to limit production increases either through imposition of quotas or by limiting the volume on which full support is paid. These measures signal the EC's intention to deal with problems of market imbalance by focusing on output rather than on support prices.

The deliberations surrounding this year's agricultural price proposal, adopted in April, have important implications for the agricultural trade negotiations. The EC Commission proposed a continued freeze on support prices for many commodities and reduction in others, as well as further restrictions on intervention. The proposal was opposed by many farm groups in Europe, and met with resistance from the Council of Agricultural Ministers. The compromise package that was adopted included smaller price reductions, and more moderate restrictions on intervention. While the EC Commission has negotiating authority, any concessions it agrees to must ultimately be approved by the member states. The EC Commission may find it difficult to sell significant reductions in support levels to member states who

## Multilateral Trade Liberalization and Preferential Trading Arrangements

The articles "EFTA and EC Relations," "Europe 1992: Implications for Agriculture," and "The European Community in the Uruguay Round" address various types of trade arrangements among countries in Western Europe. Trade agreements can be multilateral, such as those agreed to under the sponsorship of the General Agreement on Trade and Tariffs (GATT). Or they may involve as few as two countries that agree to treat each other's exports more favorably than terms agreed in the GATT. Arrangements among countries in Western Europe provide examples of nearly every type of trade agreement.

A fundamental distinction may be made between multilateral trade liberalization under the GATT and preferential trading arrangements. GATT-based trade liberalization is based on the principles of non-discrimination, whereby trade concessions are extended to all GATT signatories (called "contracting parties"), and of "most favored nation," whereby trade concessions accorded GATT contracting parties should be the most favorable offered to any trading party. In practice, there are several exceptions to the most-favored nation principle, including preferences granted to developing countries, and preferences granted to countries through a free trade agreement or customs union.

Preferential trading arrangements are inherently discriminatory, and are based on reciprocal exchanges of trade concessions. They are legal under the rules of the GATT as long as certain conditions are met.

The various trade agreements are typically categorized as follows:

- *Multilateral trade liberalization:* An agreement among a large number of countries to reduce tariffs or other barriers to trade in goods, services, or investment. In the post-World War II era, there have been eight rounds of multilateral trade negotiations under the auspices of the GATT. The agreements reached have been limited in scope, and have concentrated primarily on reducing barriers to trade, particularly tariffs, in goods. Participants in the current Uruguay Round are attempting to broaden the purview of the GATT to better incorporate trade in agriculture, services, and investment.
- *Preferential trading agreement:* A limited agreement providing a country with more favorable trading terms than the most favored nation status available in the GATT. These terms may include lower tariff rates, higher prices for imports, or exemptions from global quotas. Terms may apply to all or to a narrow range of commodities. Examples include favorable trade terms for members of the British Commonwealth under the now-defunct Commonwealth Preference system, and concessions granted by the EC to developing countries for agricultural imports under the Lome Convention.
- *Free trade area:* An agreement between two or more countries providing for free trade in all or most goods within the boundaries of the free trade area. Each country may maintain independent trade policies (including tariffs) with respect to third countries, although doing so usually requires cumbersome rules-of-origin to prevent transshipments where external tariff rates differ significantly. Examples of free trade areas include EFTA (European Free Trade Association) and the newest free trade area formed by the United States and Canada as a result of their 1988 free trade agreement.
- *Customs union:* This form of trading arrangement is characterized by free trade in goods between or among all participating countries, as well as a common external tariff (or other trade policy) with respect to third countries. In many respects, the European Community most closely approximates a customs union.
- *Common market:* This arrangement represents greater economic integration than a customs union. In addition to goods, there is free movement of capital, labor, and services between or among all countries. The EC effort to complete the internal market by 1992 is an attempt to make the Community a true common market.
- *Economic and monetary union:* This form represents the greatest economic integration between two politically independent countries. In addition to a common market for goods, services, and other factors, the participating countries have common economic policies and a single currency. Belgium and Luxembourg, within the EC, form an economic union, sharing a common currency and customs facilities.

are resisting even modest efforts at tightening the provision of support.

The EC has also been actively pursuing further liberalization of internal (intra-EC) trade. The Community has targeted 1992 for achieving a true common market by removing the remaining barriers to the internal movement of goods, services, capital, and people (see special article on Europe 1992). Because of the CAP, the agricultural market within the EC is already largely unified.

The remaining barriers to unrestricted flow of agricultural products consist mainly in MCAs (border taxes and subsidies that offset price differentials resulting from currency manipulations), sanitary/phytosanitary regulations, and other technical barriers such as quality standards.

Eliminating MCAs would have little direct effect on external (extra-EC) trade, but may indirectly complement any agreement to reduce subsidies by weakening the intervention system. Harmonization of sanitary and phytosanitary standards is an objective of the multilateral negotiations, thus these efforts could also be complementary. Quality standards that act as barriers to trade within the Community have already been successfully challenged in the EC. Adoption of EC-wide minimum standards could improve access for non-EC products as well, if the most restrictive standard is not adopted. A single standard would make it easier for exporters to penetrate the European market. Project 1992 is not likely to constrain multilateral negotiations in agriculture, but fears that a unified EC market will lead to increased protectionism ("fortress Europe") raise the stakes for success in the Uruguay Round.

Several European countries outside the Community, fearing that greater EC integration will lead to discrimination against their products, have already sought closer economic ties with the Community to secure access to the EC market. In March 1989, foreign and trade ministers of the EC and the European Free Trade Association (EFTA)<sup>3</sup> agreed to pursue formal discussions over intensifying already-close economic ties between the two groups.

A week earlier, Austria had announced its intention to apply for EC membership this year. Norway may also re-apply for

EC membership (the Norwegian electorate turned down membership in 1973). Sweden is considering some form of limited association with the EC, as their neutrality concerns make full membership difficult. The EC also has association agreements with Turkey, Cyprus, and Malta, which are intended to lead gradually to EC membership or a customs union-type arrangement. Turkey requested accession to the Community in 1987, and Malta announced in March that it would soon apply for EC membership. The Community also has a number of agreements that provide for preferential trade with several countries, some of whom are now seeking to strengthen or expand these trading agreements to secure their positions before 1992.

The implications for the Uruguay Round of increased economic integration in Western Europe are unclear. The proliferation of trade agreements and a strengthened EC-12 internal market may signal the growth of competing trading blocs that may threaten the multilateral trading system. On the other hand, many forms of economic integration are legal under the GATT because they represent a move toward freer trade. Some characteristics of bilateral free trade agreements contribute to a more, not less, liberal trading environment.

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<sup>3</sup> EFTA is a free trade area consisting of Austria, Sweden, Norway, Switzerland, Iceland and Finland. The EC has limited free trade agreements with EFTA countries covering manufactured goods, and some minor trade concessions on agricultural goods.

# The EC: A Formidable Competitor In World Wheat Markets

by

Ruth K. Elleson

**Abstract:** Competition between the United States and the European Community (EC) in world wheat markets has increased significantly since the early 1980's. A former importer of wheat from the United States, Canada and Australia, the EC became a net exporter in the mid-1970's. High internal prices and import protection under the Common Agricultural Policy (CAP) have stimulated EC wheat production and created large surpluses. In order to sell on the lower-priced world market, the EC provides exporters with refunds or subsidies. The paper describes and analyzes EC policies under the Common Agricultural Policy (CAP) that have encouraged surplus wheat production, and then presents a case study of U.S. and EC competition in the North African wheat market.

**Keywords:** wheat, European Community, Common Agricultural Policy, export subsidies, Export Credit, North Africa.

## Introduction

The United States began to lose market share in world wheat trade after 1980. The loss of U.S. wheat sales coincided with a change in the world wheat market—stagnating world demand and increasing world supplies. While the U.S. loss of market share can be attributed to a number of factors, this paper focuses on the rise of the EC as a major world wheat exporter.

EC wheat production expanded rapidly under the Common Agricultural Policy (CAP) for grains which was established in 1962. After achieving self-sufficiency in the mid-1970's, the EC switched from a net importer to a net exporter of wheat. Between 1977 and 1987, the EC had increased its share of the world wheat market from 3 to 15 percent, while the U.S. share fell from 42 to 36 percent (figure C-1). The expanded role of the EC in international grain trade has had a major impact on U.S. export performance and has led to a number of recent policy initiatives.

## Development of EC Wheat Surpluses

In 1962, when the EC grain market organization was set up under the CAP, the Community was a net wheat importer and remained as one until 1974. The CAP for grains set out the regulations for both the internal market of the original six member countries and for trade with third countries. The regime provided for the gradual removal of trade barriers between the member countries, the establishment of common support prices, and a minimum import (threshold) price/variable levy system to control imports.

Grain prices among member countries in 1962 varied widely, so much of the debate in setting up the common price

ing system centered on the appropriate price level. West Germany, Italy and Luxembourg had generally higher producer prices for grains than France, the Netherlands and Belgium. To reach an agreement among the EC member countries, the higher-priced countries were provided compensation payments to make up the difference between the established common support price and their high internal price with the understanding that these compensation payments would diminish over time. However, in subsequent price negotiations, the high support prices of West Germany became the standard to which other countries prices were raised (*Agra Europe*, *CAP Monitor*).

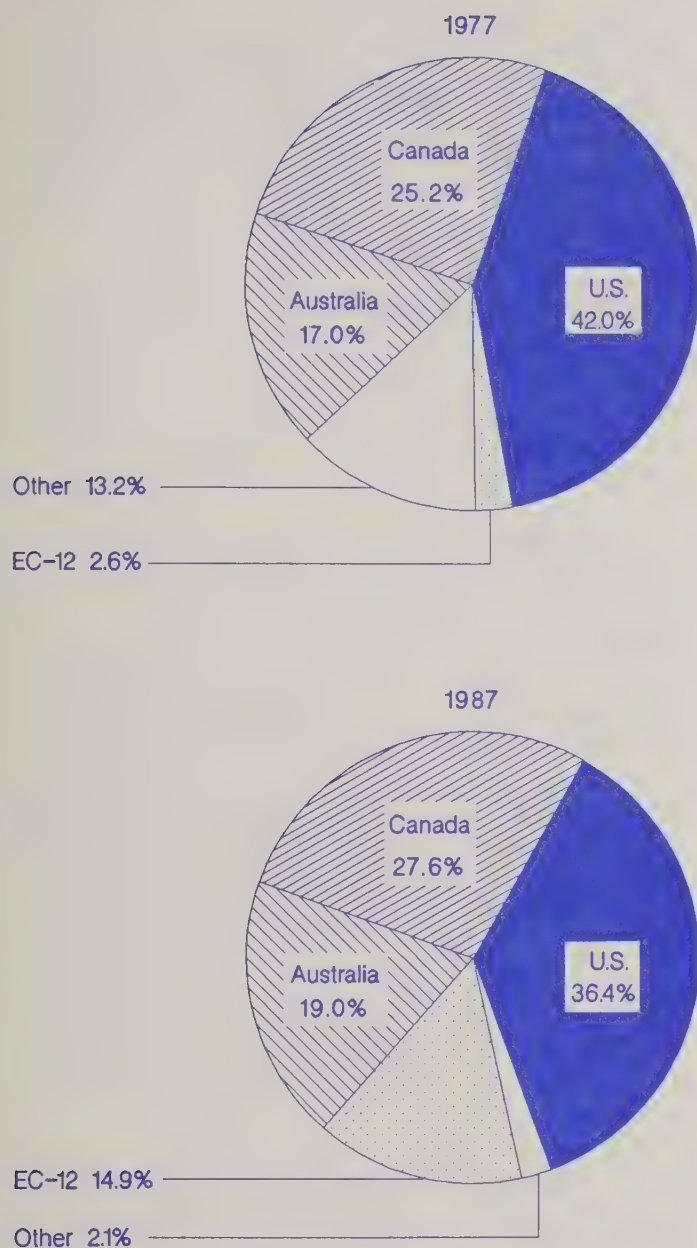
Table C-1. EC-10 wheat area, yield, and production 1/

Year	Area harvested	Yield	Production
	1,000 hectares	Tons per hectare	1,000 tons
1973/74	11,692	3.69	43,131
1974/75	12,159	3.92	47,665
1975/76	11,381	3.53	40,183
1976/77	12,120	3.42	41,465
1977/78	10,977	3.66	40,205
1978/79	11,956	4.20	50,261
1979/80	11,975	4.08	48,842
1980/81	12,567	4.38	55,072
1981/82	12,645	4.30	54,381
1982/83	12,996	4.60	59,823
1983/84	13,144	4.50	59,194
1984/85	13,619	5.63	76,616
1985/86	12,968	5.08	65,903
1986/87	13,304	5.05	67,141
1987/88	13,345	4.88	65,124
1988/89	12,904	5.28	68,112
1989/90	13,614	5.27	71,700

1/ The United Kingdom, Ireland, and Denmark joined the EC-6 in 1973, and Greece in 1981. While Spain and Portugal joined the EC-10 in 1986, data for these countries are not included.

Source: Herlihy, M., S. Magiera, R. Henry and K. Bailey. Agricultural Statistics of the European Community, 1960-85. Statistical Bulletin No. 770. U.S. Dept. Agr., Econ. Res. Serv., Jan. 1989; and USDA, Foreign Agricultural Service.

Figure C-1

**World Wheat Exports\***

\* Excludes Intra-EC-trade.

The pricing system under the CAP has provided an attractive economic environment for EC wheat production, which has more than doubled since 1962. The long-term rise in EC output of wheat occurred basically through higher yields—reaching 5.28 metric tons per hectare in 1988/89. During the 1980's, however, planted area increased somewhat, largely at the expense of other grains (table C-1).

EC yield increases have been much greater than those of other major wheat producing countries. This was accomplished by a continuing shift from lower yielding spring wheats toward higher yielding winter varieties, greater use of purchased inputs (fertilizers, fungicides and insecticides),

improved farm management, and the development of larger, more business-oriented units using larger and more sophisticated farm machinery. Some EC producers increased their yields to about three times as much as the recent U.S. average (*Wheat Situation and Outlook Report*, Nov. 1988). Based on the wide yield differences that still exist between EC producers (1.6 tons for Portugal and over 7 tons in the Netherlands), the region's wheat yields will likely continue to rise into the 1990's.

**EC Export Marketing Systems and Practices**

The world wheat exporters operate in a highly competitive trade environment influenced by each others' marketing techniques as well as by barriers imposed by importers. In the EC, the Commission (the principal legislative body) formulates export policy, but operational matters, including promotion and credit, are handled by commercial enterprises or by national governments. The U.S. export system is mainly the charge of large private firms, but, more recently, export promotion programs, designed to expand export sales, have gained prominence. The EC and the United States have turned increasingly to subsidies, export credit, and credit guarantees as a means of maintaining or increasing market shares (International Wheat Council).

**Export Refunds**

The export refund (subsidy) program along with the export licenses are basic CAP mechanisms that regulate EC grain exports. The export refund is designed to make the usually more expensive EC grain competitive on world markets. The size of the refund is determined in relation to other exporters' prices, usually the lowest quote on the markets of importing countries. As world prices decline, therefore, the gap between world and internal EC grain prices increases, requiring higher export refunds to keep EC grain competitive.

The major portion of EC wheat exports is covered by export refund tenders. The "tender" method concerns free market supplies, not intervention stocks. Traders submit applications for refunds for the quantities they wish to export. To the extent that these requests are in line with the world market, the EC Commission accepts them by fixing a maximum refund in relation to a specified total amount. Exports must take place within the certificate's period of validity. A trader whose request is accepted receives an export certificate with the prefixed refund.

A "common" refund is used by the EC for wheat from intervention stocks. The level of this refund is published daily in the EC's Official Journal. A trader must enter a bid with a price corresponding to that on the world market. The bid must take account of the level of the common refund on the day of application, which will be granted at the time of export.

While EC accounting procedures measure the total cost of refunds, the system does not readily permit the calculation of refunds to individual destinations. Refunds or tenders sometimes apply to a single country. More often, they apply for a particular zone comprising a number of countries, or even for several zones.

### **Export Credit**

Credit competition in world wheat markets has escalated in recent years. Exporting countries, including those in the EC, have traditionally employed credit as a marketing tool. Currently, the EC as an entity cannot grant credit for exports, although there has been some discussion about introducing such a system. The individual EC countries, therefore, finance their own wheat exports.

France, the EC's largest wheat producer and exporter, offers export credit for agricultural products through *Compagnie Francaise d'Assurance du Commerce Exterieur (COFACE)*, and commercial banks. Usually the arrangements involve credit guarantees (covering political and commercial risks) over a repayment period not exceeding 6 months (*International Wheat Council*).

More recently, the French government introduced a more liberal export credit program for agricultural products destined for "traditional" markets, especially those in North Africa. The action was motivated by the need to match the credit terms offered by competing suppliers. Credit guarantees formerly given only to exporters (sellers' credit), were expanded to include the financial authorities in the recipient country (buyers' credit). In addition, credit was extended 2 or 3 years (sometimes as long as 7 years), at market interest rates, with a COFACE guarantee for 95 percent of the total amount.

The United Kingdom, the EC's second largest wheat producer, has also expanded its credit program for wheat exports. In 1984, the Export Credit Guarantee Department (ECGD) was authorized to extend to 2 years the maximum credit terms it normally covers for bulk grain exports. In addition, credit terms were extended for up to 3 years in cases where competitors were offering such credit.

### **U.S. Response to EC Wheat Marketing Practices**

In the face of increasing competition and declining export markets, the United States passed the Food Security Act of 1985, which contained a number of policies to increase U.S. competitiveness. The most significant policies affecting wheat exports were the lower loan rates and the Export Enhancement Program (EEP), which made U.S. prices more competitive. Under the EEP, the Commodity Credit Corporation (CCC) awards bonuses in the form of certificates (redeemable for CCC-owned commodities) to exporters

enabling them to sell specified commodities to specified countries at prices below those of the U.S. market.

According to a recent study (Bailey), the Food Security Act of 1985 has accounted for nearly half of the increase in U.S. wheat exports since 1985/86. Over 95 percent of the expansion in U.S. wheat exports during 1985/86-1988/89 is due to four factors:

- The Export Enhancement Program.
- The lower wheat loan rate.
- Reduced competitor yields.
- Increased imports by the Soviet Union, China, and Eastern Europe.

The depreciation in the value of the U.S. dollar, according to the study, had only a small impact on U.S. wheat exports.

Between June 1985 and December 1988, some 62 million tons of U.S. wheat were allocated for initiatives under the EEP, of which just over 51 million tons were sold. The sales accounted for about 50 percent of total U.S. wheat exports during the three and one half year period. U.S. policymakers have targeted EEP sales to countries where the United States has lost market share because of competitors' subsidies, in particular those of the EC. Major purchasers under the program have been the Soviet Union, North African countries, and China.

In addition to the EEP, other U.S. programs include food aid (PL-480, Titles I and III) and export credit guarantee programs (GSM-102 and GSM-103). Under GSM-102, the CCC guarantees repayment of private credit extended to importers in specified countries for the purchase of designated U.S. agricultural commodities. GSM-102 covers credit extended for up to 3 years. The Intermediate Export Credit Guarantee Program (GSM-103), authorized by the Food Security Act of 1985, is similar to GSM-102 except that it covers private credit extended for more than 3 and up to 10 years. These two credit guarantee programs help importers in some food-aid recipient countries purchase wheat through commercial channels.

Shipments under U.S. agricultural export programs account for a growing share of U.S. wheat exports. In fiscal year 1987, about 70 percent of the volume of U.S. wheat and wheat flour exports were made under some form of export program. Close to 25 percent was shipped under the EEP alone, mostly to the USSR and China. More than 20 percent was shipped under the EEP in conjunction with the CCC export credit guarantee programs. Chief purchasers under this combination of programs were North African markets. Less than 10 percent of shipments was made under the

Table C-2. North Africa: wheat imports by volume and supplier share

Origin	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
----- 1,000 tons -----											
Total	5,896	5,184	6,272	8,140	8,366	8,077	8,600	10,006	8,996	8,703	10,364
United States	2,492	2,488	2,074	2,142	3,270	3,102	3,922	4,743	2,642	5,057	6,363
EC-12	129	774	1,807	3,405	2,538	1,833	2,671	1,439	2,744	824	1,053
Canada	1,068	612	655	808	800	889	599	1,343	1,233	691	846
Australia	1,273	977	1,611	1,748	1,728	2,063	1,093	2,270	2,358	2,117	2,102
Argentina	775	21	60	--	--	101	31	73	--	--	NA
Other	159	312	65	37	30	89	284	138	19	14	NA
----- Percent -----											
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
United States	42.3	48.0	33.1	26.3	39.1	38.4	45.6	47.4	29.4	58.1	61.4
EC-12	2.2	14.9	28.8	41.8	30.3	22.7	31.1	14.4	30.5	9.5	10.2
Canada	18.1	11.8	10.4	9.9	9.6	11.0	7.0	13.4	13.7	7.9	8.2
Australia	21.6	18.9	25.7	21.5	20.7	25.5	12.7	22.7	26.2	24.3	20.3
Argentina	13.1	0.4	1.0	--	--	1.3	0.4	0.7	--	--	NA
Other	2.7	6.0	1.0	.5	.4	1.1	3.3	1.4	0.2	0.2	NA

'--' indicates none or negligible.

NA = not available.

Source: United Nations Trade Statistics, 1977-1987.

export credit guarantee programs without the EEP, and another 15-20 percent was shipped through food aid programs (Smith).

### Competition in the North African Wheat Market

Four countries along North Africa's Mediterranean coast—Morocco, Algeria, Tunisia and Egypt—comprise a large and growing market for wheat. All four have been net wheat importers since the early sixties and, in addition, have similar wheat market conduct and structural factors. Wheat production in North Africa is constrained by an arid climate, and the region is unlikely to be self-sufficient in wheat in the foreseeable future. With a combined population of 108 million, the four nations account for about 12 percent of world wheat imports annually (Gardner & Skully).

The region's demand for wheat is influenced by large consumer subsidies and the ample supply of imports. In recent years, the global rise in grain production combined with a large number of surplus wheat producers, has made for fierce competition in the North African market.

Food security policies in North African countries are generally administered by a government agency charged with purchasing wheat from domestic producers and foreign suppliers. When purchasing from abroad, the agency must seek out foreign suppliers offering the most favorable terms.

Subsidizing final wheat products (mainly bread) at the retail level is firmly entrenched in the region. In Egypt, the consumer pays only about a third of the actual cost, and past attempts to raise the price of bread to conserve foreign exchange resulted in consumer riots and political instability.

The major wheat suppliers in the region have traditionally been the United States, Australia and Canada which

accounted for more than 80 percent of the market in 1977 (table C-2). However, with the rise in EC wheat production and exports, the United States and other suppliers have experienced periods of falling or stagnant sales in this market. Beginning in 1977, the EC's share of the North African wheat market climbed from a low of 2 percent to a peak of 42 percent in 1980, and ranged between 14 and 31 percent during 1981-1985. At the same time, the U.S. market share had fallen from a high of 48 percent to a low of 26 percent and ranged between 29 and 47 percent during 1981-85.

After 1985, however, the competitive situation changed dramatically. The U.S. policies adopted in 1985, particularly reduced loan rates and the EEP, helped the U.S. share jump to 58 percent in 1986 and 64 percent in 1987. As a result, shares of other suppliers, especially the EC, declined.

The U.S. EEP program has proven to be an important competitive tool in the region. Between June 1985 and December 1988, the total tonnage targeted under EEP for the four North African countries was almost 18 million tons, or about 30 percent of total EEP initiatives (table C-3). Comparable figures for EC export refunds are not available.

Despite intense competitiveness in delivered prices, export credit remains an important instrument of competition in North Africa for both the United States and the EC. Export credit programs in the region include the French COFACE, the U.S. Export Credit Guarantee Program (GSM-102), and the U.S. Intermediate Export Credit Guarantee (GSM-103).

Food security is another important determinant of wheat imports for the region, especially for Algeria and Egypt. The possibility of a sudden embargo or shipping constraint has induced both nations to lower their risk profile by diversifying their international suppliers. Long-term supply agree-

Table C-3. U.S. Export Enhancement Program wheat initiatives to North Africa

Recipient country	Quantity announcement periods	Allocated 1,000 tons	Sales 1,000 tons	Average bonus \$/ton 1/
Algeria	Jun 85-Aug 88	5,200	4,625	34.91
Egypt	Jul 85-Dec 88	5,665	5,235	29.14
Morocco	Sept 85-Dec 88	5,290	4,170	33.22
Tunisia	Mar 86-Feb 88	1,825	1,075	29.89
Total		17,980	15,105	32.09

1/ Economic Research Service estimates.

Source: USDA, Foreign Agricultural Service

ments have been the favored means of insurance. Unlike futures contracts, these agreements usually specify only a quantity (or range of quantities) to be delivered at some date in the future, with no specified delivery price (Gardner and Skully).

### Egypt

Egypt is the region's largest and fastest growing wheat importer. Wheat is irrigated and intensively cultivated, with little room for expansion. From 1977 to 1987, Egyptian wheat imports rose from 3.0 million to 4.9 million tons. For most of those years, the country accounted for approximately half of North Africa's wheat imports. The market is dominated by Australia and the United States, but the EC has occasionally captured a sizable share (figure C-2).

Virtually all Egyptian imports are procured by the General Authority for Supply of Commodities (GASC), which is charged with supplying basic commodities for the Government's elaborate and comprehensive food subsidy system. The GASC maintains offices abroad, and constantly monitors the availability of concessional credit for wheat pur-

chases. To conserve scarce foreign exchange, the GASC prefers to enter into long-term concessional agreements for basic commodities (Gardner and Skully).

Recent concern over foreign debt has caused Egypt to prefer U.S. wheat available through P.L. 480 and EEP, with Egypt now buying the maximum amount allocated. The 1987 shipments included 1 million tons financed through P.L. 480, Title I, and 1.4 million tons purchased through EEP and credit guarantees. Under Title I of P.L. 480, the United States provides long-term, concessional credit at low interest rates, with repayments periods of up to 40 years (Parker, Mar. 1988).

### The Maghreb

Wheat imports of the Maghrebi nations of Algeria, Morocco, and Tunisia comprise about one-half of the North African market. As in Egypt, import decisions are made by public agencies that attempt to maximize the quantity of wheat imported relative to limited foreign exchange (Gardner and Skully).

Prior to 1986, the EC expanded its market shares in all three markets while the United States and Canada saw their shares erode (figures C-3, C-4 and C-5). Australia does not export wheat to the Maghrebi nations. Canada, in fact, dropped out of the Moroccan and Tunisian markets for a number of years. Beginning in 1986, however, coinciding with new U.S. export promotion policies, the U.S. share has shown considerable improvement.

Algeria, the region's second largest wheat importer, is a major market for U.S. durum wheat. Since 1985, Algeria has been allocated 5.2 million tons of wheat and products through EEP, and has used most of that quantity. The EEP, combined with GSM-102 credit guarantees, have made U.S.

Figure C-2

### Wheat Market Shares in Egypt

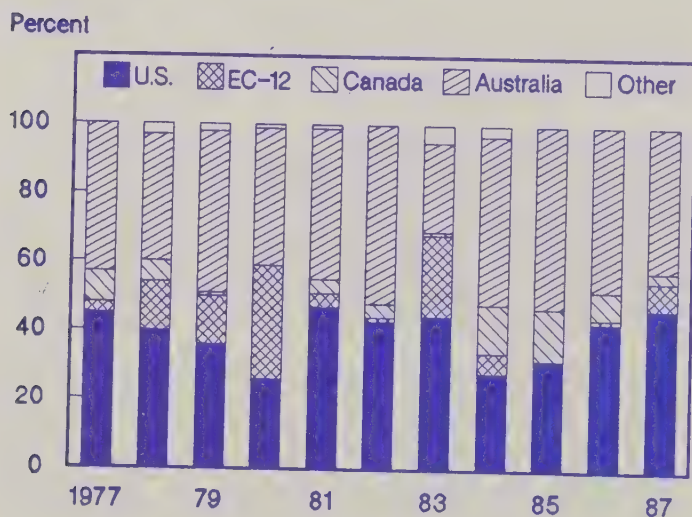


Figure C-3

### Wheat Market Shares in Algeria

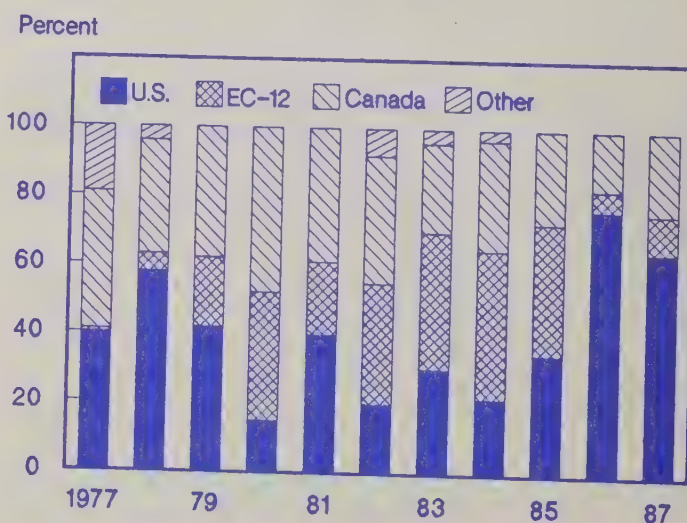


Figure C-4

**Wheat Market Shares in Morocco**

Percent

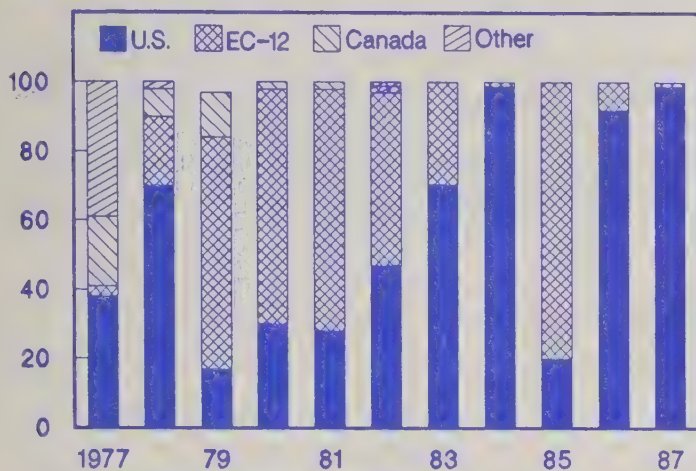
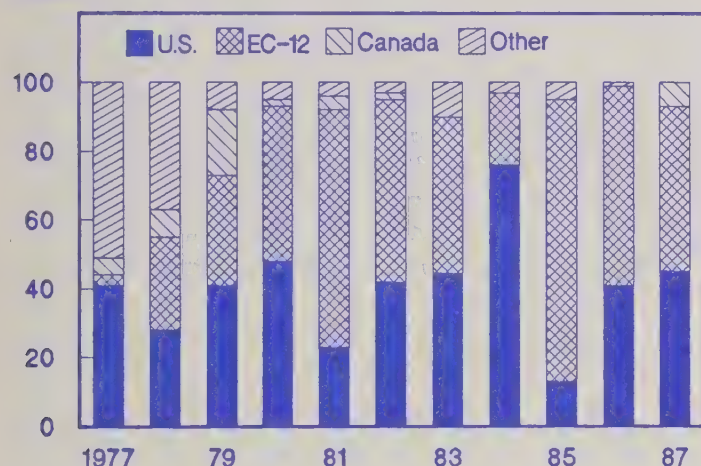


Figure C-5

**Wheat Market Shares in Tunisia**

Percent



wheat more attractive to Algerian importers (Parker, Feb. 1989).

**Conclusions**

World wheat trade is in a state of flux. At a time when many countries recognize the need for trade liberalization, government involvement in world wheat trade has increased. The expanded use of export programs, especially subsidies and credit, have intensified competition.

The EC's high budgetary costs associated with surplus production and export subsidies have prompted the EC to begin reforming the CAP to slow the increase in exportable surpluses. Measures include price restraint, a coresponsibility levy for production in excess of the guarantee threshold, and a land set-aside program. EC production, however, is likely to respond slowly to these measures, with large surpluses

continuing to move onto the world market in the next several years.

U.S. success in competing with the EC since 1985, especially in the North African market, can be attributed largely to lower loan rates, the EEP and credit guarantee programs. In continuing the EEP, however, the U.S. objective is not only to maintain competitiveness in targeted markets, but to encourage the EC to reduce subsidies in the GATT negotiations.

The long-term objective of U.S. trade policy, as espoused in its position in the current round of GATT negotiations, is to have all countries eliminate direct and indirect subsidies which are trade distorting by the year 2000. The United States has said it will end the EEP when the EC and other nations take similar steps. Currently, the United States is not prepared to unilaterally eliminate the EEP (*Agra Europe*).

The U.S. objective can probably be met only through complicated multilateral trade negotiations involving at least the major exporters of the relevant agricultural commodities. For wheat, the EC is the major impediment to an agreement. The EC is very reluctant to give up export subsidies until its surplus problem has been brought under control.

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# The EC Superlevy on Milk: An Experiment in Supply Control

by

Steve Neff

**Abstract:** In 1984, the European Community instituted milk production quotas, enforced by a penalty, the superlevy, on quantities above the quota. The superlevy has strong support from farmers and has controlled dairy budget expenditures. The long-run effects of the superlevy are not yet known.

**Keywords:** EC, superlevy, dairy policy, production quota, supply control.

## Introduction

As a part of the Common Agricultural Policy (CAP) for the dairy sector, the European Community (EC) sets support prices for butter and skimmed milk powder and thereby effectively supports the milk price. High support prices have stimulated production while high product prices, along with low growth in income and population, have caused consumption to stagnate since the early 1970's. Dairying has the largest sales value of all agricultural commodities in the EC, with a share of 17.8 percent in 1987 (EC Commission, 1989). With milk being such an important commodity in the Community, the dairy oversupply has resulted in high budget costs for storage, export subsidies, and various schemes designed to increase internal demand or discourage supply.

To control expenditures on the dairy sector without reducing farm incomes appreciably, the EC initiated in April 1984 a 5-year system of milk production quotas for each member state. Now extended for an additional 3 years to the end of March 1992, the quota system is enforced by the "superlevy," a producer tax equal to 100 percent of the target price, on all milk produced in excess of quota. The target price is the price objective that the Commission intends for dairies to pay farmers for milk delivered to plants. To defend the target price, the EC buys butter and skim milk powder into intervention to support the milk price, much as the U.S. Commodity Credit Corporation supports the U.S. milk price through purchase of butter, skim milk powder, and cheese.

The initial 5 years of the EC's dairy quota/superlevy program (or simply the superlevy) have not been completed, so only tentative conclusions can be drawn about its success. Nevertheless, the EC experience with mandatory dairy supply control makes an interesting and potentially instructive case study for U.S. interests, including policy analysts, dairy farmers and processors, trade negotiators, and the Congress. Some of these groups have a keen interest in the effects of the EC program on U.S. trade in dairy products, while others see the European experiment as a model for a U.S. milk sup-

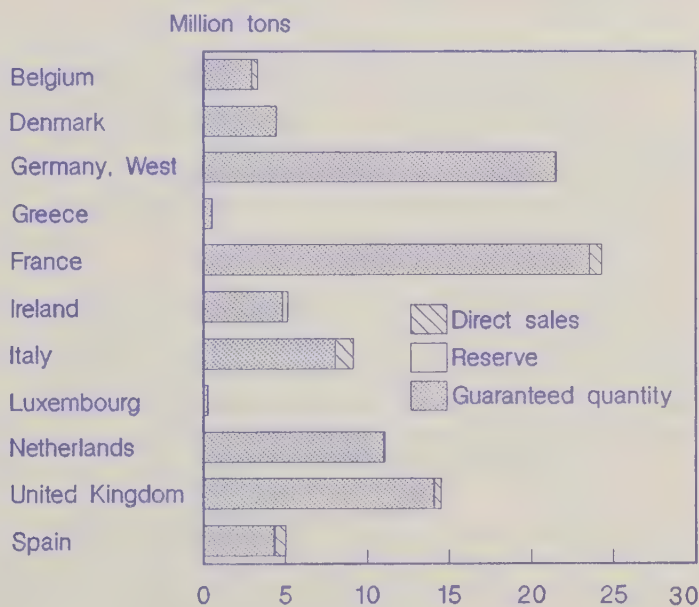
ply control scheme as the 1990 farm bill discussions approach.

## What Is the Superlevy?

The EC milk quota is composed of three components (figure D-1):

- A guaranteed quantity for milk deliveries to dairies was established for each member state, allowing a level equal to 1981 deliveries plus 1-percent. Guaranteed quantities comprise 96 percent of the total quota.
- The smallest part of the total quota is the reserve quota (0.5-percent), which was given to Ireland, Luxembourg, and the United Kingdom (for Northern Ireland) due to particular circumstances of these countries when the quotas were being set. Spain was given a reserve beginning in

Figure D-1  
EC Milk Quotas, 1988/89



1987/1988. More than two-thirds of the Community reserve is allocated to Ireland because errors were discovered in the initial quota settings.

- For farmers who were selling some milk directly to final consumers rather than to dairies, the program established a quota on direct sales based on the direct sales quantity in 1981 plus 1 percent. The direct sales quota makes up the remaining 3.5 percent of the total quota. A provision was also included to allow farmers to switch between direct sales and deliveries to dairies, as long as the national total quota was not exceeded.

The EC Court of Justice decided in 1988 that some additional quota must be granted to farmers originally denied quota in 1984. The so-called "SLOM" quota, named by the Dutch acronym for the court case, expands the total quota by 500,000 - 600,000 tons. Farmers are eligible if they discontinued milk production under an EC milk reduction scheme in the late 1970's but wanted to produce again under the superlevy system.

The quota program does not prohibit over-quota production or deliveries. Rather, the enforcing mechanism is a tax on over-quota deliveries or over-quota direct sales. If the national total quota is exceeded at the end of the year, the EC Commission assesses superlevy on that country. The original plan allowed each member state to choose either of two methods of applying the guaranteed quantity portion of the quota:

- Plan "A" called for quotas to be applied at the individual farm level. This plan gave the individual farmer the option of reducing the number of cows or reducing output per cow. The superlevy rate for deliveries in excess of the quota was 75 percent of the target price and was amended to 100 percent beginning with the 1987/1988 marketing year. The Netherlands is the only country currently using this plan. The UK used it for the first year of the superlevy, then switched to Plan "B."
- Plan "B" allowed quota to be applied to dairy processors or even groups of dairies. This plan implicitly recognized that some farmers might leave dairying, which would reduce the need for other farmers to curtail production. The superlevy for deliveries in excess of the quota was fixed at 100 percent of the target price.

At the outset of the program, the biggest difference between the two plans appeared to be the superlevy rate — 75 percent of the target price at the farm level versus 100 percent at the first handler level. The superlevy was set lower at the farm level because it was assumed that overproduction on some farms would be offset by shortfalls on others.

The 75 percent levy was not as effective as anticipated. Farmers could not gauge production exactly, so they chose to err on the side of small overproduction. That way they would receive 25 percent of the target price on overproduction even after assessment of the 75 percent levy, whereas they would receive nothing for unfilled quota. This rule was changed in 1988, raising the levy to 100 percent on all over-quota deliveries regardless of the method of applying the quotas. The change removed farmers' bias toward small overages.

The rate of superlevy for direct sales above the quota was originally set at 75 percent of the milk target price, which is the farm price objective that the EC wants dairies to pay to farmers. Beginning with the 1987/1988 year, the superlevy on direct sales was raised to 100 percent of the target price.

### Motivation for Adopting the Superlevy

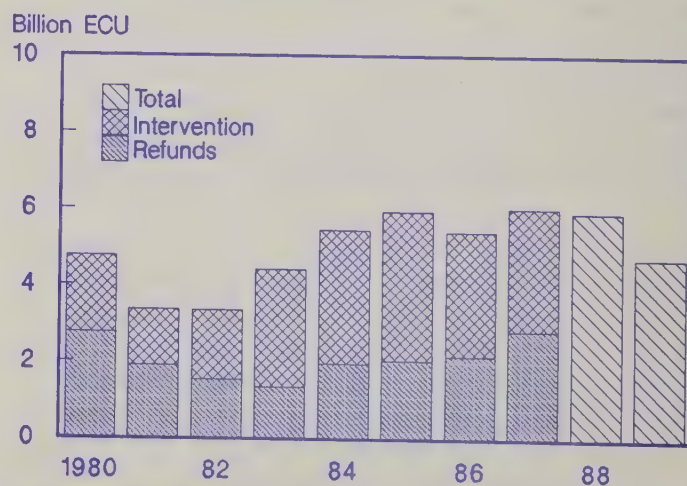
Budget costs for export restitutions and storage continued to rise due to a supply/demand imbalance (figure D-2). Several programs had already been implemented (and continue) to stimulate domestic demand, but the imbalance persisted. With high prices and unlimited intervention, surpluses led to swelling program costs. Cutting the producer's milk price was politically infeasible since dairy price support was accomplished through the milk price rather than through direct payments. Given the necessity of budgetary control and the constraint on price reduction, the EC chose quotas on milk deliveries to dairies as the means to achieve a better balance between supply and demand at high EC prices.

### Effects of the Superlevy

The full long-run effects of the superlevy are not yet known because not enough time has elapsed since the program was adopted. Ten or more years are required for the full effects of a dairy policy change to be revealed, according to Oskam

Figure D-2

### EC Budget Expenditures for Dairy\*



\* 1988 preliminary; 1989 forecast.

(1981). In addition to the direct observation of the progress of the superlevy, there is a presumption that production quotas are inefficient, and there is also the experience of Canada, Austria, and other countries which have had dairy production controls longer than the European Community.

### ***A Priori Knowledge About Supply Control***

One of the problems associated with production quotas is that they tend to remove producer and processor incentives to increase efficiency that might otherwise result from greater specialization. If milk quotas are applied at the farm level, for example, then society cannot benefit from the lower costs associated with shifting production from less efficient to more efficient producers. Likewise, if quotas are applied on a geographic basis, society is unable to benefit from changing comparative advantage resulting from technological change.

One might think that the solution to the problem above is to allow transfers of marketing quotas. The difficulty is that the producer premium that the government originally sought to ensure becomes capitalized. The quota thus becomes a barrier to entry, an additional asset that a farmer must acquire to start farming.

### ***Early Results of the Superlevy***

Since the superlevy began in 1984, the European Community has been successful in both reducing milk deliveries (figure D-3) and intervention stocks, although not all of the progress can be attributed to the superlevy program.

In addition to reducing the milk supply, the dairy quotas have indirectly affected other sectors. In the face of cutbacks in dairy support, farmers have expanded their enterprises in commodities for which the CAP supports open-ended quantities or for which there is no CAP regime. In the Netherlands, for example, dairy farmers countered the

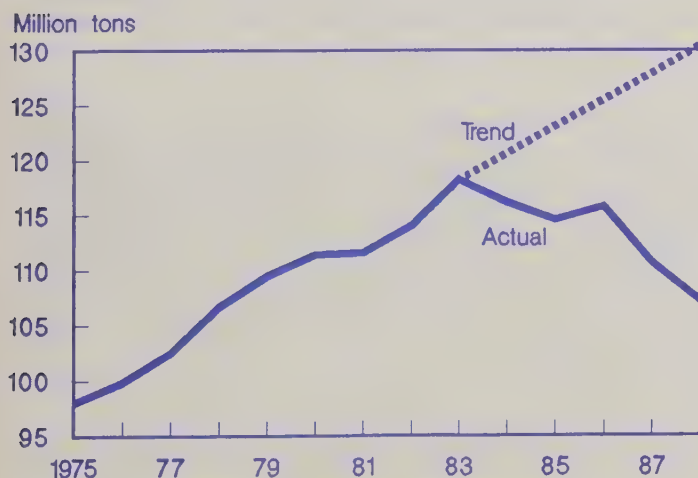
effects of the dairy quotas by increasing production of tulip bulbs and onions, causing market disruptions for those crops. In addition, some farmers have replaced dairy cows with sheep on the same pastures. The same disruptive potential exists for any substitute crop or livestock enterprise that is not supported by the CAP.

### ***World Price Effects***

International prices for dairy products were higher in much of 1988 than any time in the last 5 years (figures D-4, D-5 and D-6). Large EC dairy product stocks were seen as a depressing factor in international markets during the mid-1980's. Certainly the EC stock reduction was instrumental in strengthening the market, but stocks did not fall solely because of the superlevy.

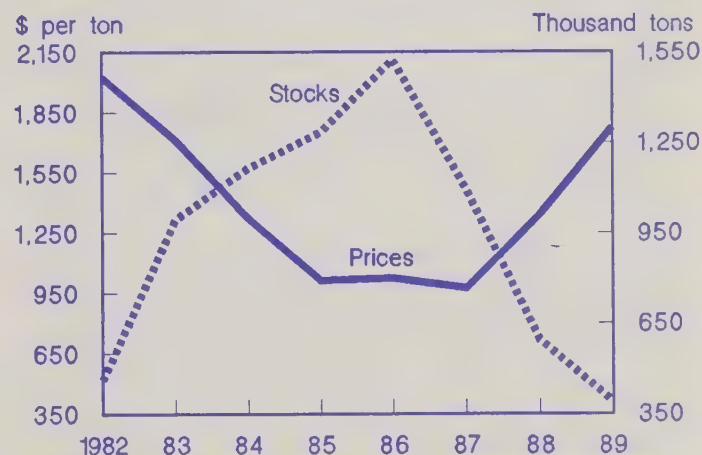
The EC, faced with enormous dairy product stocks, reduced stocks by limiting purchases and disposing of existing stocks. In October 1986, the EC Council of Agriculture Min-

Figure D-3  
**EC-12 Milk Production\***



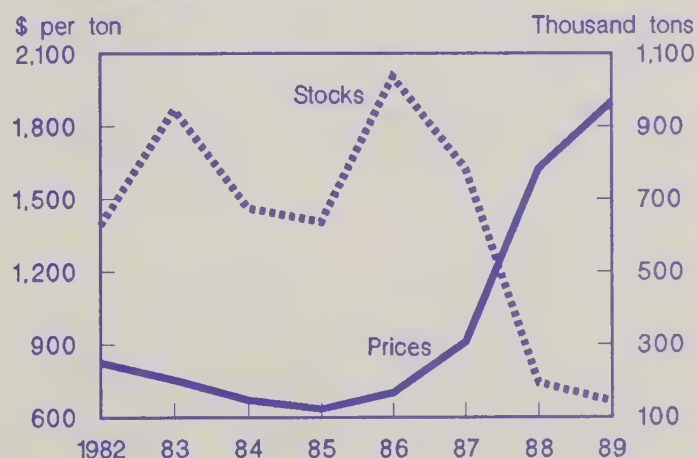
\* Trend values for 1984-1988 are projected from 1975-1983 data.

Figure D-4  
**EC-12 Butter: Ending Stocks and World Prices\***



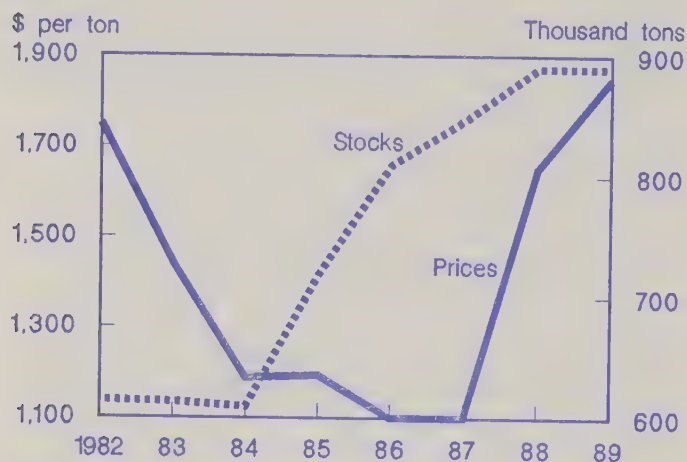
\* Spain and Portugal entered the Community in January 1986, but are included in prior years to maintain a consistent set of countries.

Figure D-5  
**EC-12 Skim Milk Powder: Ending Stocks and World Prices\***



\* Spain and Portugal entered the Community in January 1986, but are included in prior years to maintain a consistent set of countries.

Figure D-6

**EC-12 Cheese: Ending Stocks and World Prices\***

\* Spain and Portugal entered the Community in January 1986, but are included in prior years to maintain a consistent set of countries.

isters wrote down the value of surplus stocks by 2.3 billion ECUs, then decided to spend 3.2 billion ECUs to dispose of 1.2 million tons of surplus butter. EC butter exports to the USSR were 282,000 tons in 1987 and 274,000 in 1988. Given the heavy subsidization of exports, the superlevy must stand as a weak secondary cause of reduced stocks.

While the disposal of surplus stocks on the world market would ordinarily be expected to depress prices, the sale of butter stocks to the Soviets led to higher international butter prices. The Soviets are not well-integrated into world dairy markets. Their purchases tend to be mostly from other centrally planned economies, with sporadic buying from developed market economies. The effect of the Soviet butter purchases was to introduce an unexpected demand into the world market, relieving the expectation that huge EC butter stocks - over 1.5 million tons in 1986 - would eventually enter the commercial market.

From the U.S. standpoint, the superlevy is beneficial. It leads to lower EC production and reduces the EC's need to subsidize exports. The United States benefits through higher prices for dairy products on international markets. From a broader perspective, the superlevy signals a continuation of the EC predisposition to manage markets for farm products from Brussels rather than allowing markets to function freely. The economic inefficiency inherent in mandatory supply control should make the EC less competitive with the United States in the long run.

### 1992 and the Superlevy

In addition to the economic effects of the superlevy on the European and world markets for dairy products, it is important to consider the context in which the superlevy program operates. The EC is in the midst of its "Project 1992" and the Uruguay Round of GATT negotiations.

To the extent that the superlevy program restrains budget costs, it will be seen as a boon to the 1992 program. Prior to the February 1988 agreement, uncontrolled agricultural spending was constraining resources for other sectors, taking nearly three-fourths of the EC budget and leaving little for other sectors.

The 1992 program commits Brussels to the development of the EC internal market. This commitment requires Community spending for projects in the nonagricultural sector. The February 1988 agreement linked EC revenues to GDP growth and limited the rate of growth of the agriculture budget to 74 percent of GDP growth in the Community. Agricultural spending had grown an average 7.5 percent annually since 1975. If spending for dairy remains under control, the superlevy could be considered the model for other commodities if farm spending causes a budget crisis.

Ironically, the single market program, designed to remove all restrictions on internal trade by the end of 1992, challenges the system of national milk quotas in at least two ways.

First, the quotas cannot currently be traded among EC countries. But if there are to be no borders, then production patterns should change to reflect optimal, or least-cost, resource allocation. This result, while economically efficient, does not take into account the strong social and political concern for farmers in "less-favored" areas and for preserving small-scale farms. Because there is social support for these farmers, the national character of the milk quotas appears likely to remain an exception to the single market program.

Second, there is the potential for greater fraud on the part of farmers or dairies if there are no border controls because the EC agrimonetary system uses a complicated set of border taxes and subsidies. These measures, called monetary compensatory amounts (MCAs), maintain different prices among the EC nations. Even though milk is a bulky, perishable product, the distances in the EC are quite short, so milk produced in one country could be delivered quickly into another country with a higher milk price and counted against the recipient country's national milk quota. (The 1992 program has implications for the agrimonetary system as well, but it is not clear how the EC will deal with them.)

Fraud in agricultural support has been a contentious issue even with border restrictions. The EC Court of Auditors has reported improper CAP payments. "Having examined the work of national customs authorities in all these areas, the Court is obliged to voice serious doubts about the efficiency of the collection of Community revenue and the regularity of some items of expenditure" (*Agra Europe*, No. 1317, Dec. 16, 1988, p.E/3).

For the farmer, the incentive for fraudulent milk delivery would be especially strong at the end of the marketing year

if he was likely to exceed his quota. For the milk processor, the incentive for fraud could arise if a company operating in several EC countries found that profits were higher in one country than in another. In that case, the company might choose to falsify reports by deliveries to plants or by origins to increase operating margins or to avoid having to pay superlevy.

### GATT and the Superlevy

Although sweeping changes appear unlikely in the short-run, the ongoing Uruguay Round of trade negotiations under the General Agreement on Tariffs and Trade (GATT) could affect the superlevy. A GATT agreement could force the EC to change its trade practices or support mechanisms for dairy products. It is not difficult to construct scenarios that would mean changes to the dairy program in general and the superlevy in particular.

In the area of trade policy, the variable levy on dairy product imports could be restricted. Then the EC could be confronted with increased supplies at international prices, which are normally much lower than internal EC prices. This prospect would require higher budget expenditures or further policy changes such as even tighter supply control. If export subsidies are banned through a GATT agreement, the EC would be faced with considerable surpluses and no international outlet for them. One of the alternatives again would be to reduce the national milk delivery quotas.

Another possible GATT action that could affect the superlevy is a restriction on trade-distorting producer support, as measured by an "aggregate measure of support." If the GATT agreement were restrictive enough, the EC could opt for more limited direct payments rather than the strong support currently given to all farmers.

### Conclusions

The EC experiment with milk supply control bears watching. Thus far, the EC can claim some success in reducing milk deliveries and dairy budget expenditures. In terms of economic rationality, the quota must be seen as a step backward, as it impedes efficiency gains.

The United States has been a passive beneficiary of the recent world price increase which has happened contemporaneously, but owes most of its gratitude to an unrelated run-down of stocks of butter, skim milk powder, and cheese.

The future may bring dissatisfaction to both the United States and the EC. If the superlevy fails, the EC might export its troubles as it has done in the past, which could result in falling world prices. To the extent that the United States orients itself toward dairy product exports, such a development would be harmful to U.S. interests and present the potential for a trade dispute.

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# The EC's Cereals Incorporation Scheme: A Cure for Grain Surpluses?

by

Michael T. Herlihy and Walter H. Gardiner

**Abstract:** The EC Commission has proposed a controversial program to subsidize the use of cereals in animal feed. The plan is designed to help address the EC's cereal surpluses and associated budget costs. The Commission's proposed plan authorizes the payment of premiums to operators in the feed-livestock sector (compound feed manufactures and livestock producers who mix their own feeds) to make cereals more competitive with nongrain feed ingredients and thus increase the use of cereals in feeds. The plan has met with much resistance both inside and outside of the EC because of the distortions it is likely to cause among EC member countries, feed manufacturing firms, and non-EC suppliers of grains, oilseeds, and nongrain feeds.

**Keywords:** EC, grain supply, exports, Common Agricultural Policy, cereals incorporation, feed subsidy, nongrain feeds, compound feed.

## Introduction

The Commission of the European Community (EC) has approved and submitted to the Council of Agricultural Ministers a controversial proposal to subsidize the incorporation of cereals<sup>1</sup> into animal feeds. The Commission's plan authorizes the payment of premiums to compound feed manufacturers and livestock producers to encourage the use of cereals in feeds. The proposal aims to increase consumption of domestically produced cereals and reduce the mounting grain surpluses and escalating budget costs for intervention storage and export refunds. The Commission proposal has important implications for the United States and other countries whose feed ingredient exports to the EC could be displaced.

## Developments in the EC Grain Sector

In less than 20 years, the EC has evolved from one of the world's largest grain importers into one of its largest exporters. This change occurred under the umbrella of a policy system that provided EC grain farmers with prices well above world market levels and protected them from lower priced imports. The high domestic prices provided by the Common Agricultural Policy (CAP) stimulated grain production, reduced growth in consumption, encouraged the use of substitute feeds, and led to the accumulation of large stocks. As a result, EC grain imports fell sharply and large export subsidies were required to dispose of the surpluses on world markets.

EC grain production has increased steadily over the last 15 years as the Community enlarged from 9 members in the 1970's to 10 in 1981 and then 12 in 1986. Between 1973/74 and 1980/81, grain production in the EC-9 grew at an annual rate of around 2 percent, increasing from 105.8 million tons to 119.6 million (table E-1).

The accession of Greece in 1981 added about 5 million tons of annual grain production. Production accelerated between 1981/82 and 1985/86, growing at an annual rate of 4 percent. In January 1986, Spain and Portugal joined the EC, bringing an additional 17 million tons of grain production into the Community, accounting for 11 percent of total EC-12 production in 1986/87. Grain supplies grew 3 percent per year between 1986/87 and 1988/89, reaching 163.4 million tons in 1988/89.

Although grain area in the EC has generally been trending downward, its impact on production has been more than offset by substantial improvements in yields. Average grain yields in the EC increased from 3.97 tons per hectare in 1973/74 to 4.46 tons by 1980/81, an increase of 2 percent per year. Although EC average yields declined slightly in 1981/82, due mainly to the addition of Greece, they continued to increase steadily between 1981/82 and 1985/86, climbing from 4.34 tons per hectare to 5.11 tons.

Because of substantially lower yields in Spain and Portugal, average EC yields dropped to 4.33 tons per hectare in 1986/87, but they still continued to climb upward, reaching 4.70 tons per hectare in 1988/89. Since 1973/74, the growth in grain yields has averaged nearly 3 percent a year. The dramatic growth was the result of a combination of factors

<sup>1</sup> Cereals as used by the EC refers to all grains except rice.

Table E-1. EC grain supply and use

Years	Area harvested	Yield	Production	Consumption	Net trade	Self sufficiency 1/
	1,000 hectares	Tons per hectare	1,000 tons	1,000 tons	1,000 tons	Percent
EC-9						
1973/74	26,680	3.97	105,806	117,227	-13,069	90
1974/75	26,744	4.05	108,187	116,147	-11,658	93
1975/76	26,304	3.70	97,328	113,361	-11,191	86
1976/77	26,252	3.46	90,703	112,419	-21,266	81
1977/78	25,852	4.01	103,619	114,576	-10,650	90
1978/79	26,789	4.33	116,082	117,992	-6,149	98
1979/80	26,768	4.26	113,910	117,911	-1,979	97
1980/81	26,822	4.46	119,554	115,157	3,923	104
EC-10						
1981/82	28,134	4.34	122,166	118,393	5,473	103
1982/83	28,095	4.68	131,462	116,783	9,974	113
1983/84	27,508	4.48	123,141	117,786	11,093	105
1984/85	27,728	5.46	151,529	120,451	19,640	126
1985/86	27,187	5.11	138,856	117,921	16,164	118
EC-12						
1986/87	35,494	4.33	153,730	136,066	18,554	113
1987/88	34,898	4.41	153,776	136,972	18,496	112
1988/89	34,746	4.70	163,412	142,030	25,485	115

1/ Production as a share of consumption.

Source: Herlihy, M., S. Magiera, G. Hasha and D. Kelch. EC Grains, Oilseeds, and Livestock: 1960-80. Statistical Bulletin No. 703. U.S. Dept. Agr., Econ. Res. Serv., Dec. 1983; Herlihy, M., S. Magiera, R. Henry and K. Bailey. Agricultural Statistics of the European Community, 1960-85. Statistical Bulletin No. 770. U.S. Dept. Agr., Econ. Res. Serv., Jan. 1989; and USDA, Foreign Agricultural Service.

including high grain support prices, the adoption of higher yielding varieties, more intensive fertilizer application, increased mechanization, and improved management practices.

In contrast to the rapid expansion in grain production, EC consumption of grain has been relatively stable. Between 1973/74 and 1985/86, consumption fluctuated in the range of 112-120 million tons. With the accession of Spain and Portugal in 1986, consumption increased by 18 million tons, but this was just 3 million tons more than the corresponding increase in production, resulting in only a small decline in self-sufficiency. Human consumption has remained fairly stagnant, reflecting high prices, low population growth in most EC countries, and the limited response of food consumption to increases in income. Despite the steady increase in the consumption of animal feeds over the last 15 years, feed use of grains has remained fairly constant due to high

prices for feed grains, increased use of both imported and domestically produced oilseeds and nongrain feeds, reduced EC dairy herds, and improved feed utilization in animal production.

The imbalance between domestic production and consumption has transformed the EC from a large net importer of grain during the early 1970's to a major net exporter by the late 1980's. In 1973/74, the EC was a net importer of 13 million tons of grain. By 1980/81, the EC had become a small net exporter. In 1988/89, EC grain exports exceeded imports by 25 million tons—19 million tons for wheat and 6 million tons for coarse grains.

While the EC was becoming a major grain exporter, it also was accumulating large stocks. EC intervention stocks swelled from 1.7 million tons at the end of 1977 to a record 18.6 million by the end of 1985 (table E-2). Common wheat

Table E-2. EC intervention stocks for grain 1/

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
	----- 1,000 tons -----											
Common wheat	986	1,051	1,878	4,930	2,968	6,887	6,820	6,463	11,902	8,560	6,823	4,138
Durum wheat	211	150	143	157	309	801	737	853	986	1,023	1,530	2,336
Barley	69	182	74	1,082	848	1,681	1,673	1,636	4,651	3,793	4,326	3,515
Rye	430	601	582	517	343	299	311	441	1,108	1,148	1,055	872
Corn	--	--	--	--	--	--	--	--	--	190	23	18
Sorghum	--	--	--	--	--	--	--	--	--	3	8	11
Total	1,696	1,984	2,677	6,686	4,468	9,668	9,541	9,393	18,647	14,717	13,765	10,890

-- indicates none or negligible.

1/ For 1977-82 stocks as of December 31, for 1983-88 stocks as of November 30; EC-9 for 1977-80, EC-10 for 1981-85, and EC-12 for 1986-88.

Source: Commission of the European Communities, Commission Proposals on the Prices for Agricultural Products and Related Measures (1989/90), COM(89) 40 final, Brussels, Jan. 31, 1989; The Agricultural Situation in the Community, various issues.

Table E-3. European Agricultural Guidance and Guarantee Fund (EAGGF) guarantee expenditures for grains 1/

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
----- Million ECUs -----															
Total	1,030	400	621	656	630	1,113	1,564	1,669	1,921	1,825	2,441	1,650	2,311	3,392	4,977
Refunds	529	76	344	403	366	832	1,185	1,175	1,206	1,065	1,525	918	1,077	1,712	3,558
Intervention	501	324	277	253	264	281	379	494	715	760	916	732	1,234	1,680	1,419
Production refunds	167	190	89	51	77	117	143	148	129	135	130	176	181	178	295
Durum aid	138	83	131	83	135	89	115	129	171	166	219	200	243	211	305
Storage	72	32	56	58	52	72	89	213	342	453	566	356	810	1,347	1,181
Corresponsibility levy	--	--	--	--	--	--	--	--	--	--	--	--	--	-56	-429

'--' indicates none or negligible.

1/ EC-9 for 1973-80, EC-10 for 1981-85, and EC-12 for 1986-87.

Source: Herlihy, M., S. Magiera, R. Henry and K. Bailey. Agricultural Statistics of the European Community, 1960-85. Statistical Bulletin No. 770. U.S. Dept. Agr., Econ. Res. Serv., Jan. 1989; Commission of the European Communities; Commission of the European Communities, The Agricultural Situation in the Community, various issues.

accounted for most of the increase, climbing from 1.0 million tons in 1977 to 11.9 million tons at the end of 1985. The EC was able to reduce grain intervention stocks to 10.9 million tons by the end of 1988 due to an aggressive export policy and below-average harvests in 1986/87 and 1987/88.

The sharp increase in grain surpluses has led to a dramatic rise in EC budget expenditures as grain was moved off the domestic market into intervention stocks or disposed of through subsidized exports. During the mid-1970's, expenditures from the European Agricultural Guidance and Guarantee Fund (EAGGF) for grain remained fairly stable (table E-3). Then in the late 1970's and early 1980's, budget costs for grain began to increase rapidly. This was primarily the result of rising expenditures for export refunds, reflecting the emergence of the EC as a major exporter of grain. Expenditures moderated in 1984, only to resume their upward climb in 1985 as intervention storage costs soared by 128 percent following the record grain crop of 1984/85. Between 1985 and 1987, EC expenditures for grain more than doubled, reaching almost 5 billion ECUs (\$5.7 billion).

Many producer groups and farm organizations in the EC blame stagnating grain consumption and associated increases in stocks and budget costs for grain on imports of nongrain

feeds<sup>2</sup> that enter the Community duty-free or at a very low rate of duty. They believe that these cheap imported feed ingredients have replaced higher priced domestically produced cereals in compound feeds.

### Changes in EC Feed Production and Use

As EC farms gradually increased in size in the 1970's and early 1980's, they became more specialized. Livestock producers began using more purchased feed concentrates and less of their own grains and roughages. This is reflected in the steady expansion of the compound feed industry through 1983. Total compound feed production in the EC grew from 58.5 million tons in 1973 to 83.2 million tons in 1983, an annual rate of growth of over 4 percent (table E-4). Italy had the fastest growing compound feed sector during this period, followed by Ireland and Denmark. In terms of tonnage, West Germany showed the sharpest increase followed by the Netherlands and Italy.

2 Nongrain feeds include those products the EC Commission has labelled "cereal substitutes" which include non-cereals such as manioc, potatoes, sugar beet pulp, fruit waste and cereal byproducts such as cereal brans, corn gluten feed and meal.

Table E-4. EC compound feed production

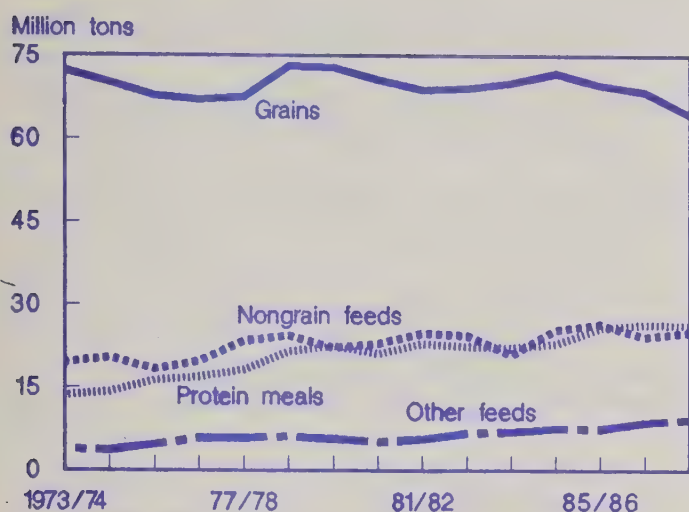
Country	1973	1975	1980	1981	1982	1983	1984	1985	1986	1987	1988
----- 1,000 tons -----											
Belgium	5,053	4,735	4,905	4,778	4,993	5,071	5,015	5,021	5,078	4,982	5,063
Denmark	2,705	2,876	4,842	4,753	4,609	4,528	4,215	4,326	4,535	4,778	4,863
Germany	11,039	11,473	16,796	17,199	17,235	17,727	17,219	16,669	16,478	16,395	16,810
France	10,981	11,108	14,695	15,156	15,352	15,202	14,968	14,721	15,366	15,711	16,546
Ireland	1,225	1,019	1,766	1,860	1,825	2,061	1,937	2,000	2,387	2,095	2,161
Italy	6,201	5,995	10,648	10,457	11,180	11,000	10,861	10,600	10,970	11,430	11,850
Netherlands	10,078	10,671	14,461	14,570	14,704	15,417	16,040	16,217	16,533	16,466	16,800
United Kingdom	11,228	10,221	10,987	11,007	11,817	12,234	10,756	10,457	11,192	10,429	10,730
Portugal	NA	NA	NA	NA	NA	NA	NA	NA	2,925	2,988	3,217
Spain	NA	NA	NA	NA	NA	NA	NA	NA	11,411	11,100	11,300
EC Total 1/	58,510	58,098	79,100	79,780	81,715	83,240	81,011	80,011	96,875	96,374	99,340

NA = not applicable.

1/ Greece and Luxembourg are not included.

Source: Commission of the European Communities, The Agricultural Situation in the Community, various issues; European Feed Manufacturers' Federation (FEFAC), Feed and Food Statistical Yearbook, various issues.

Figure E-1  
**EC Feed Use**



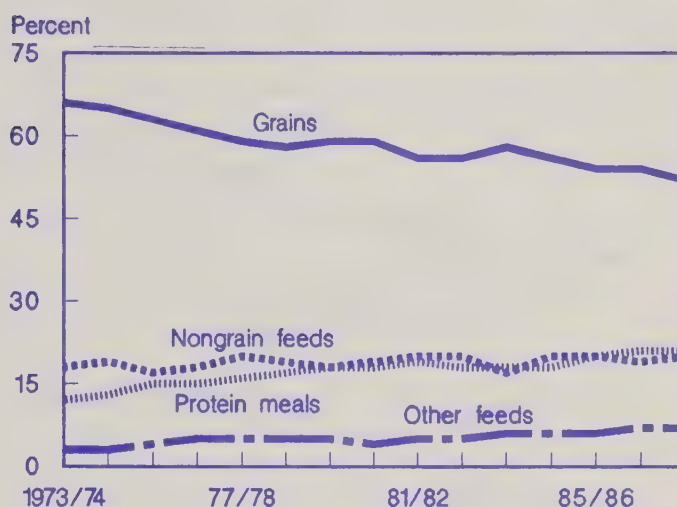
Much of the growth in the compound feed market has been attributed to developments in the cattle sector. As EC dairy and beef production became more intensive in the 1970's, areas devoted to permanent pasture declined and the use of compound feeds expanded.

The growth in the EC compound feed industry slowed from 1984 to 1987 (excluding the increase due to Spain and Portugal joining the EC), primarily due to reduced demand from the dairy sector after the dairy quota system was put in place in 1984. In addition, large EC grain crops made direct feeding of grains more competitive, while the strong value of the dollar in 1984 and 1985 raised the cost of imported nongrain feeds used by the compound feed industry. Total compound feed production rebounded in 1988 to a record 99.3 million tons, primarily due to increased demand from the hog and poultry sectors.

Accompanying the growth of the EC compound feed industry has been a decline in the role of grain and a rise in the importance of oilseed meals and nongrain feeds. Feed use of grains has followed somewhat of a cyclical pattern with peaks around 72-73 million tons in 1973/74, 1978/79, 1979/80 and 1984/85 (figure E-1). Increased use of wheat and barley offset declines in corn and other grains. Since 1984/85, however, feed use of grains declined steadily to 64.5 million tons in 1987/88, a 10-percent decline from the peak consumption level of 1978/79.

Feed use of nongrain feeds increased from 19.5 million tons in 1973/74 to a peak of 26.4 million tons in 1985/86. Larger quantities of manioc, corn gluten feed, grain byproducts, and corn meal more than offset reductions in potatoes used for animal feed. The decline in feed use of potatoes reflects a shift away from labor-intensive feed production and a switch to purchased feed concentrates. Nongrain feed use declined

Figure E-2  
**Share of EC Feed Use**



to 25.0 million tons in 1987/88, due largely to smaller feed use of potatoes and manioc.

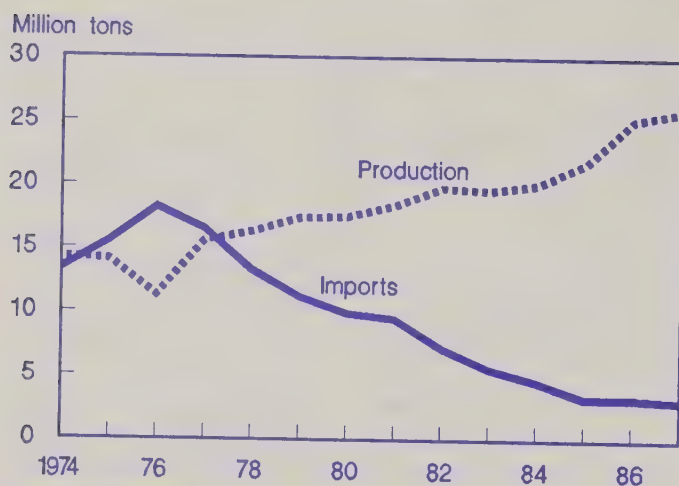
EC use of protein meals for feed doubled between 1973/74 and 1987/88, reaching 26.2 million tons in 1987/88. The rise is attributed primarily to an increase in feed use of soybean meal, rapeseed meal, and sunflower meal. EC oilseed production has expanded rapidly in this decade, leading to less dependence on imported oilseeds for protein meal supplies.

Other miscellaneous feeds include pulses (field peas, beans, and lupins), skim-milk powder and molasses. Consumption of these feeds has risen sharply, climbing from 3.8 million tons in 1973/74 to 9.2 million tons in 1987/88. The bulk of the increase is due to the rapid growth in feed-use of pulses, mainly from domestic crops that benefit from considerable EC subsidies.

The most significant change in EC feed use patterns has been the rising share of protein meals and the declining share of grains (figure E-2). As a share of total feed use, grains declined from 66 percent in 1973/74 to 52 percent in 1987/88. Oilseed meals now account for around 21 percent of EC feed consumption, compared with 12 percent in 1973/74. Nongrain feeds' share of total feed use has remained relatively steady at around 18 to 20 percent of total feed use between 1973/74 and 1987/88. Pulses' share of total EC feed use has more than doubled over this period, increasing from 3.5 percent to 7.4 percent.

Grain's declining role in EC compound feed production has been attributed by some groups to the rise in imported feed ingredients. However, the decline in grain's portion of compound feed production was mostly at the expense of imported grains rather than EC grains (Toepfer, May 25, 1988). For example, EC corn imports dropped from around 14 million tons in the mid-1970's to just 3 million tons in

Figure E-3

**EC Corn Production and Imports\***

\* Excludes intra-EC imports.

1987 while domestic corn production increased sharply (figure E-3).

In addition, consumption of EC-produced oilseeds and non-grain feeds has risen rapidly in recent years and is replacing imported feeds as well as some domestic grain. In 1987/88, EC oilseed production accounted for 46 percent of domestic use, compared with only 9 percent in 1979/80. About 500,000 tons of EC pulses were used in feed mixtures in 1980, primarily as a replacement for grain. Use of pulse for feed increased to 3.5 million tons by 1987. Also, rising levels of EC-produced rapeseed meal in conjunction with other feeds are replacing grain to some extent in hog and poultry rations.

**The Cereals Incorporation Scheme**

At the February 1988 summit meeting in Brussels, the EC Commission, on the instruction of the European Council, submitted a proposal that would increase the amount of grain used for animal feed to help alleviate EC grain surpluses and reduce budget costs. The program has become known as the "cereals incorporation scheme." Under the plan, a premium would be paid on grain used for animal feeds, either directly fed to livestock or used in the manufacture of compound feeds, which would make grain more competitive with other less expensive feed ingredients and hopefully increase its use.

The scheme was not included, as originally intended, in the 1988/89 price proposal package, because of difficulty in reaching an agreement among the member states. Member states in the southern EC who traditionally use large quantities of grain in animal feeds felt the proposal discriminated against high grain users and would be only marginally beneficial to them.

The passage of the 1988/89 price package in July 1988 stipulated that the Commission had until October 31, 1988, to

come up with a cereals incorporation scheme for the 1989/90 marketing year using the following guidelines:

- Increased use of cereals should be encouraged.
- The most recent marketing year for which feed consumption data are available would be the reference period.
- The size of the cereals component in feeds during the reference period will be the basis for calculating the subsidy.
- The scheme must conform with GATT rules.
- The program would be reviewed after the first year of operation.
- A control system will be established to ensure the effectiveness of the program.

In November 1988, the EC Commission approved and submitted to the Council of Agricultural Ministers a revised proposal that incorporated the guidelines laid down by the Council. The new Commission plan was to be considered as part of the 1989/90 price proposal package, but was withdrawn from the package at the last minute. Nevertheless, it appears likely that the plan will be resubmitted to the Council for consideration in the near future.

EC Agriculture Commissioner Ray MacSharry, speaking at the annual UK Grain and Feed Trade Association dinner in April, indicated that the Commission intends to continue pushing for the plan's adoption. "The Commission's proposed premium for the incorporation of cereals into animal feeds is still on the Council table," MacSharry told members of the Association. "We must deal with the erosion of profitability of using cereals rather than substitutes in animal feed" (*Agra Europe*, April 28, 1989). Moreover, Henri Nallet, the French Minister of Agriculture who took over the presidency of the Agriculture Council in July from Spanish Agriculture Minister Carlos Romero Herrera, has indicated that he would like to see progress on the cereals incorporation scheme during his six-month term and has suggested that the program should be extended to include other processing uses as well (*Agra Europe*, May 5, 1989).

**Details of the Proposal**

The main elements of the Commission's proposed regulations for the cereals incorporation scheme are:

- A minimum incorporation rate of cereals to receive a premium.
- A progressive premium for additional use of cereals.

- A general premium above the maximum cereals incorporation rate.
- Base period to be used for establishing a reference incorporation rate.
- Beneficiaries of the scheme.
- Period during which the incorporation scheme shall be in effect.

#### **Minimum Incorporation Rate**

The minimum incorporation rate for cereals used in animal feeds is set at 20 percent. Operators producing feeds with less than a 20-percent cereals content will not be eligible for a premium.

#### **Progressive Premium**

Above the 20-percent level, operators will receive a subsidy payment that would rise with increases in cereals use compared with that during the established reference period (1986/87-1987/88). The progressive premium will increase according to a scale determined by the management committee. The Commission expects that the progressive premium will average about 45 ECUs (\$53) per ton.

#### **General Premium**

Operators who used more than 45-percent cereals in their animal feeds during the reference period will be eligible for a subsidy of 5 ECUs (\$5.89) per ton on cereals used in 1989/90 in excess of 45 percent up to the amount used in the reference period. This flat-rate premium will apply regardless of whether the amount of cereals incorporated increases. In addition, the progressive premium will apply for any increases in the use of cereals above reference period levels.

#### **Reference Incorporation Rates**

Program participants will have a fixed reference incorporation rate based on their average use of cereals during the 1986/87 and 1987/88 marketing years. This period was selected for two reasons. First, detailed information on the use of cereals is available for these years because member states were required to collect a coresponsibility levy at the first stage of cereals processing. Second, it prevents operators from adjusting their use of cereals in the current marketing year in anticipation of it being included in the reference period. Operators who wish to participate in the program who were not involved in the production or use of feeds during 1986/87 or 1987/88 will have a fixed reference incorporation rate equal to the average rate recorded in their region.

#### **Beneficiaries**

All operators in the feed-livestock sector (compound feed manufacturers and livestock producers who mix their own

feeds) who are able to prove their use of cereals in the production of animal feeds are eligible for the premiums.

#### **Period of Operation**

If approved by the Council, the incorporation scheme would be implemented for the 1989/90 cereals marketing year on a provisional basis. It will be reviewed at the end of its first year of operation.

#### **Operation of the Subsidy Scheme**

The operation of the proposed cereals incorporation scheme is best illustrated with a couple of examples.

- An operator using 10-percent cereals in feed rations in the reference period who then increases his feed use of cereals to 25 percent, would receive the progressive premium for the quantity between 20 percent and 25 percent.
- An operator who increases his cereals incorporation rate from 10 percent to 55 percent would receive the progressive premium for the amount between 20 percent and 55 percent.
- An operator who was already using 55-percent cereals in the base period and then increased his rate to 65 percent, would receive the progressive premium on the increase from 55 percent to 65 percent and the general premium of 5 ECUs per ton on the amount between 45 percent and 55 percent.
- An operator who decreases feed use of cereals from 55 percent to 50 percent would still be eligible for the general premium of 5 ECUs per ton on the amount between 45 percent and 50 percent.

The Commission estimates that approximately 5 million tons of cereals would qualify for the incorporation premiums if the proposal is implemented. However, the net increase in overall cereal consumption is estimated at just 2 million tons, with the rest offset mainly by a decline in on-farm use. That implies that the proposal would only be about 40 percent effective in increasing cereals consumption. In addition, the expected increase in cereal use represents only a 2-3 percent rise in the EC's total feed use of cereals from 1988/89 levels.

#### **Budget Impacts**

According to Commission estimates, the proposed cereals incorporation scheme would save the EC budget 29 million ECUs (\$34 million) during 1989/90. To calculate the budget cost of the proposal, the Commission estimates that 5 million tons of cereals will qualify for the progressive premium and the general premium of 5 ECUs per ton. Assuming that the variable premium will average 45 ECUs per ton, the Com-

Table E-5. Estimate of financial impact of cereals incorporation scheme

m = million; t = ton; mt = million tons.  
1/ Estimate of the amount of cereals exceeding the maximum incorporation rate of 45 percent during the reference period.

Source: Commission of the European Communities, "Proposal for a Council regulation laying down rules concerning the premium for the use of cereals in animal feed during the 1989/90 marketing year," COM(88) 614 final, Brussels Dec. 1, 1988.

mission calculates that the proposal would lead to the expenditure of 268 million ECUs.

On the other side of the ledger, the Commission estimates that the 2-million-ton increase in overall consumption will reduce intervention purchases of cereals by an equivalent amount, leading to savings in intervention expenditures for items such as storage and depreciation of stocks that would total 280 million ECUs. In addition, the Commission estimates that revenue from the coresponsibility levy on cereals would increase by 17 million ECUs due to a drop in on-farm use of cereals and an equivalent increase in market sales. Details of the Commission estimates are provided in table E-5.

The Commission identified two potential developments that could have a major impact on its budget calculations but were not accounted for in its estimates. The first is that EC farmers who currently produce crops that compete with cereals in feed rations, such as peas and beans, may reduce production of these crops and increase production of cereals if the cereals incorporation scheme is adopted. The Commission notes that the yield per hectare for peas and beans is half that for cereals and estimates the budget cost that would result from such a crop switch at 600 ECUs per hectare.

Secondly, there is a risk that feed use of cereals may not increase at all because of the scheme, ruling out any possibility of budget savings. Since the premium would only be paid for increases in the incorporation of cereals above the 20-percent threshold, operators who currently use less than

20-percent cereals might actually reduce their use and instead incorporate more substitute products. Moreover, the price of products that substitute for cereals could drop if the proposal is adopted, further reducing the effectiveness of the scheme.

## Assessment of the Proposed Scheme

The cereals incorporation scheme proposed by the Commission has yet to be approved by the Council and thus did not come into operation when the 1989/90 marketing year for cereals began on July 1. The current scheme has generated considerable controversy both inside and outside of the EC and has a number of administrative problems that have yet to be resolved. According to a study by the European Feed Manufacturers Association (FEFAC), the Commission's proposed cereal incorporation scheme has a number of shortcomings:

- It will discriminate among member states.
- It will disadvantage certain feed compounds.
- It will be difficult to control.

In the first case, the 20-percent minimum incorporation rate will discriminate against member countries that have limited their feed use of cereals because of cost, availability, or location. Countries with cereal use rates under 20 percent include the Netherlands (12.8 percent) and Belgium (14.0 percent).

In addition, EC member countries that already have high rates of cereal use in feeds are unlikely to benefit from the progressive premium (estimated to average 45 ECUs per ton by the Commission) for increased use of cereals because of nutritional or physical constraints. Furthermore, the payment of a general premium of 5 ECUs per ton for producers whose cereals use exceeds 45 percent of the total feed ration is not expected to offset the disadvantage faced by high cereals users under the progressive premium program. EC countries with cereal incorporation rates in excess of 45 percent include Spain (62.2 percent), Greece (50.0 percent) and Italy (48.2 percent).

The cereal incorporation scheme also poses new challenges for individual firms in the EC compounding industry. Feed compounders choose from a wide range of feed ingredients which account for 80 to 85 percent of their costs. They use forward contracting for the bulk of their raw material purchases to reduce price risk in the highly competitive feed ingredient market.

One problem facing feed compounders participating in the cereal incorporation scheme is the plan's lack of transparency and flexibility. A compounder would have to decide at the beginning of the marketing year whether to participate in

the program without knowing the developments that lie ahead in the feed and livestock markets. Any mechanism that interferes with the operator's ability to change the mix of feed ingredients in response to changing market conditions poses serious risks that could lead to bankruptcy.

According to FEFAC, the cereal incorporation scheme is also likely to cause distortions between feed compounding firms producing different types of feed. The cereal content varies widely from feed to feed. Complementary feeds contain no cereals, cattle feeds contains little or no cereals, while complete feeds for hogs and poultry can contain up to 50 to 60 percent cereals. A firm specializing in complementary feeds will be able to sharply increase its cereals use by also producing complete feeds. Thus, it would benefit from the progressive premium, whereas a firm specializing in hog or poultry feeds would find it difficult to increase its cereals use and as a result may only be eligible for the lower 5 ECUs per ton general premium.

The scheme will distort the price relationships among feeds, and is likely to cause disputes, administrative problems and frictions with suppliers of grains, oilseeds, and nongrain feeds. Increased demand for cereals by the feed sector would cause cereal prices to rise which would raise the costs of nonfeed users of grains (millers, brewers, etc.) and could further dampen nonfeed demand for cereals.

The program's effectiveness will depend to a large extent on how price responsive nongrain feeds are to the lower effective price on grains. Except for manioc, most nongrain feeds are byproducts of the food processing industry and have little use other than for animal feed. Prices of these products would likely drop with the fall in the cost of grain going into EC feeds and thus remain competitive.

The lower effective cost of grain for feed would also undermine the competitiveness of EC-produced nongrain feeds (especially grain byproducts and sugarbeet pulp) as well as pulses and oilseed meals, which receive large production subsidies. Pulses have replaced substantial quantities of grain in EC hog and poultry rations and have been produced primarily on land taken out of grain production. An undesirable consequence of the feed incorporation scheme would be to make grain production even more attractive, leading to increased grain supplies. Some supply restrictions would have to be imposed to prevent such an occurrence.

The scheme could also have spillover effects into other industries such as sugar refining, citrus processing, brewing,

and grain milling, which depend on the feed industry to market their byproducts. A drop in byproduct feed prices to remain competitive with the subsidized grain would entail a rise in primary product prices such as sugar, orange juice, beer, and baked goods to offset the decline. This is likely to bring complaints not only from the affected EC industries but also from countries that market these byproducts to the EC, including the United States, Argentina, Brazil, South Africa, and Canada. The voluntary restraint agreements the EC has with a number of manioc producers also would be jeopardized.

Finally, the proposed subsidy scheme would violate a provision of the April 1989 GATT agreement on agriculture which freezes subsidies at their current levels.

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## Glossary

*African, Caribbean, and Pacific (ACP) States.* Countries participating in the Lome Convention that regulates economic relations between these countries and the European Community.

*Aggregate Measure of Support.* Countries use a wide array of trade and domestic policies to intervene in their agriculture sectors, making it difficult to compare the effects of these policies among countries. Aggregate measures have been developed to qualify the effects of policies to facilitate comparisons. Usually expressed in percent terms, they include the Nominal Rate of Protection, Effective Rate of Protection, and the Producer Subsidy Equivalent, and others.

*Automatic Stabilizers.* Price cuts when production of grains, oilseeds and other products exceed specified ceilings, called Maximum Guaranteed Quantities (MGQs)

*Common Agricultural Policy (CAP).* The unified farm policy applied by EC members. The CAP deals with agricultural prices, structural improvements to agriculture, and internal and external agricultural trade.

*Common Customs Tariff (CCT).* The EC's list or schedule of articles of merchandise with the rate of duty to be paid for their importation from nonmember or "third" countries.

*European Community (EC).* Also referred to as the Community. An economic customs union originally composed of six members—Belgium, Luxembourg, France, Italy, West Germany, and the Netherlands. Denmark, Ireland, and the United Kingdom (UK) joined the EC January 1, 1973; Greece joined January 1, 1981. EC-10 refers to the Community of 10 members, before the accession of Spain and Portugal in 1986; EC-12 refers to the present Community of 12.

*European Currency Unit (ECU).* The core of the EMS, the ECU serves as the monetary denominator for the exchange rate, credit, and intervention mechanisms of the EMS. On April 9, 1979, the ECU became the standard value for transactions within the CAP including the determination of support prices, import levies, and export subsidies. The value of the ECU is calculated from a weighted basket of all EC-10 member currencies, identical to the basket used for the EUA and equal to an average of \$1.23 during January - April, 1988.

*European Monetary System (EMS).* A common monetary arrangement for the Community, implemented in March

1979. It includes credit mechanisms and compulsory intervention to ensure greater stability of European exchange rates.

*General Agreement on Tariffs and Trade (GATT).* An agreement negotiated in 1947 among 23 countries, including the United States, to increase international trade by reducing tariffs and other trade barriers. In 1989, 96 countries belonged to the GATT.

*Green Currency* (e.g., green pound, green lira)—Indicates the use of green (agricultural) rates of exchange for CAP purposes.

*Green Rate of Exchange.* The exchange rate used to convert ECUs into national currencies (and vice versa) in all financial and commercial transactions covered by the CAP.

*Inward Processing System.* An arrangement that permits EC manufacturers of a processed good to import a third countries' raw materials, free of duties, levies, and MCAs, provided the processed product is exported within 6 months.

*Maximum Guarantee Quantity (MGQ).* Production ceilings beyond which automatic price cuts (stabilizers) go into effect.

*Monetary Compensatory Amounts (MCAs).* Border taxes or subsidies that offset the divergence between the green rate of exchange and the actual market rate of exchange. For those countries in which currencies have depreciated, MCAs (negative MCAs) act as subsidies on imports and taxes on exports. For those countries in which currencies have appreciated, MCAs (positive MCAs) act as taxes on imports and subsidies on exports.

*Producer Subsidy Equivalent (PSE).* An aggregate measure of support or protection that estimates the portion of producer gross revenues that can be attributed to the effects of government programs, expressed in percentage terms.

*Section 301.* This section of the Trade Agreements Act of 1974 (amended) provides authority to respond to unfair trade practices that restrict U.S. trade by countries who have signed trade agreements with the United States. Responses may include rescinding trade concessions or imposing compensatory duties or fees on products imported from the country engaging in unfair trade practices.

*Set-asides.* A proposed mechanism for limiting supply by removing agricultural land from production.

*Threshold Price.* A minimum import price set by the EC under the CAP for certain commodities. Certain imports from nonmember countries are subject to a levy which is equal to the difference between the threshold price and the minimum world price at EC ports.

*Unit of Account (UA).* Prior to April 9, 1979, the standard value used by the EC for transactions within the CAP. In mid-March 1979, the agricultural unit of account was equal to about \$1.60. A different unit, called the European unit of account (EUA), was introduced in 1975. Its value in relation to the dollar is announced daily, and it is generally worth more than the agricultural unit of account.

*Units of Measure.* The metric system is used in this report, unless otherwise indicated. The following are conversions

to the U.S. system of weights and measures: 1 hectare, 2.471 acres; 1 metric ton, 2204.6 pounds; 1 kilogram, 2.2046 pounds; 1 liter, 1.0567 quarts; and 1 hectoliter, 26.418 gallons.

*Value-Added Tax (VAT).* A tax levied by each EC member country on domestic consumption. Prior to 1988 agreements by EC heads of state, EC member country contributions to the EC budget were 1.4 percent of the VAT base.

Appendix table 1--Growth of real gross domestic product, 1985-88

Country	1985	1986	1987	1988
-- Percent change from previous year --				
European Community	2.4	2.6	2.8	3.5
Belgium	0.9	2.0	2.1	3.1
Denmark	4.2	3.3	-1.0	-0.0
France	1.7	2.1	2.3	3.4
Germany, West	1.9	2.3	1.8	3.4
Greece	3.9	1.2	-0.4	2.5
Ireland	-0.1	-1.3	4.8	2.8
Italy	2.9	2.9	3.1	3.8
Luxembourg	3.8	2.9	2.0	3.0
Netherlands	2.4	2.1	1.3	2.7
Portugal	3.3	4.3	4.6	4.3
Spain	2.3	3.3	5.5	4.9
United Kingdom	3.5	3.2	4.6	4.4
Other Western Europe	3.3	2.2	2.2	3.1
Austria	2.6	1.4	1.5	3.9
Finland	3.5	2.3	3.8	4.6
Iceland	3.4	6.3	6.5	-1.5
Norway	5.3	4.2	0.5	1.5
Sweden	2.1	1.1	2.4	2.8
Switzerland	4.1	2.8	2.3	3.0
Western Europe	2.5	2.6	2.7	3.4
United States	3.4	2.8	3.4	3.9

Source: International Monetary Fund. International Financial Statistics. Vol.XLII, No. 4, Washington, DC, Apr. 1989; Organization for Economic Co-operation and Development. OECD Economic Outlook. No.44, Paris, Dec. 1988; and The WEFA Group. "Developed Economies, Pre-Meeting Forecast," World Economic Outlook, Vol.1, Bala Cynwyd, PA., Apr. 1989.

Appendix table 2--Consumer prices, 1985-88

Country	1985	1986	1987	1988
-- Percent change from previous year --				
European Community	5.8	3.3	3.1	3.3
Belgium	4.9	1.3	1.6	1.2
Denmark	4.7	3.6	4.0	4.6
France	5.8	2.5	3.3	2.7
Germany, West	2.2	-0.2	0.3	1.2
Greece	19.3	23.0	16.4	13.5
Ireland	5.4	3.8	3.1	2.2
Italy	9.2	5.9	4.7	5.0
Luxembourg	4.1	0.3	-0.2	1.6
Netherlands	2.2	0.1	-0.7	0.7
Portugal	19.6	11.8	9.3	9.6
Spain	8.8	8.8	5.3	4.8
United Kingdom	6.1	3.4	4.2	4.9
Other Western Europe	5.4	3.4	3.8	4.4
Austria	3.2	1.7	1.4	1.9
Finland	5.9	2.9	4.1	5.1
Iceland	32.4	21.3	18.8	24.7
Norway	5.7	7.2	8.7	6.7
Sweden	7.4	4.2	4.2	5.8
Switzerland	3.4	0.8	1.4	1.9
Western Europe	5.8	3.3	3.2	3.4
United States	3.6	2.0	3.6	4.0

Source: International Monetary Fund. International Financial Statistics. Vol.XLII, No. 4, Washington, DC, Apr. 1989.

Appendix table 3--Unemployment rates, 1985-88

Country	1985	1986	1987	1988
----- Percent -----				
European Community	11.2	11.2	11.0	10.5
Belgium	12.0	11.3	11.2	10.5
Denmark	9.0	7.8	7.8	8.5
France	10.2	10.4	10.6	10.3
Greece	7.8	7.4	7.4	7.5
Germany, West	8.2	7.9	7.9	7.9
Ireland	17.4	17.4	17.7	16.5
Italy	10.3	11.1	12.0	11.1
Luxembourg	1.6	1.4	1.6	1.5
Netherlands	14.2	13.2	12.6	12.5
Portugal	8.6	8.6	7.1	6.5
Spain	21.5	21.0	20.5	19.5
United Kingdom	11.2	11.3	10.2	8.5
Other Western Europe	2.6	2.4	2.4	2.5
Austria	3.6	3.1	3.8	3.7
Finland	5.0	5.2	5.1	4.8
Iceland	0.9	0.8	0.5	0.5
Norway	2.6	2.0	2.0	3.1
Sweden	2.4	2.2	1.9	1.8
Switzerland	0.8	0.7	0.7	0.8
Western Europe	10.1	10.1	10.0	9.5
United States	7.2	7.0	6.2	5.5

Source: International Monetary Fund. International Financial Statistics. Vol. XLII, No. 4, Washington, DC, Apr. 1989; and Organization for Economic Co-operation and Development. OECD Economic Outlook. No. 44, Paris, Dec. 1988.

Appendix table 4--Balance of payments on current accounts, 1985-88

Country	1985	1986	1987	1988
----- Billion dollars -----				
European Community	17.83	50.93	37.43	14.00
Belgium/Luxembourg	0.69	2.95	2.85	3.50
Denmark	-2.68	-4.27	-2.94	-2.25
France	-0.35	2.91	-5.25	-6.00
Germany, West	16.44	39.12	44.95	45.00
Greece	-3.28	-1.68	-1.30	-1.25
Ireland	-0.69	-0.68	0.40	1.25
Italy	-3.72	2.54	-0.99	-4.00
Netherlands	4.09	4.63	3.13	4.25
Portugal	0.39	1.14	0.65	0.00
Spain	2.74	4.10	0.02	-2.75
United Kingdom	4.20	0.17	-4.09	-23.00
Other Western Europe	6.13	2.60	-0.44	-2.75
Austria	-0.12	0.25	-0.21	-0.25
Finland	-0.73	-0.77	-2.10	-2.75
Iceland	-0.12	0.02	-0.16	-0.25
Norway	3.11	-4.45	-4.09	-4.00
Sweden	-1.23	0.83	-0.87	-1.75
Switzerland	5.22	6.72	6.99	6.25
Western Europe	23.96	53.53	36.99	11.25
United States	-116.40	-138.83	-153.96	-132.00

Source: Organization for Economic Co-operation and Development. OECD Economic Outlook. No. 44, Paris, Dec. 1988.

Appendix table 5--Exchange rates: Western European currencies, 1985-88

Country	1985	1986	1987	1988
----- National currency per dollar -----				
European Community	1.310	1.017	0.866	0.846
Belgium-Luxembourg	59.378	44.672	37.334	36.768
Denmark	10.596	8.091	6.840	6.732
France	8.9852	6.9261	6.0107	5.9569
Germany, West	2.944	2.172	1.797	1.756
Greece	138.12	139.98	135.43	141.86
Ireland	0.938	0.745	0.672	0.655
Italy	1,909.4	1,490.8	1,296.1	1,301.6
Netherlands	3.3214	2.4500	2.0257	1.9766
Portugal	170.39	149.59	140.88	143.95
Spain	170.04	140.05	123.48	116.49
United Kingdom	0.771	0.682	0.610	0.561
Other Western Europe				
Austria	20.69	15.27	12.64	12.348
Finland	6.1979	5.0695	4.3956	4.1828
Iceland	41.508	41.104	38.677	43.014
Norway	8.5972	7.3947	6.7375	6.5170
Sweden	8.6039	7.1236	6.3404	6.1272
Switzerland	2.4571	1.7989	1.4912	1.4633

Source: International Monetary Fund. International Financial Statistics. Vol.XLII, No. 4, Washington, DC, Apr. 1989; and Statistical Office of the European Community (EUROSTAT). External Trade, Monthly Statistics. Brussels, various issues.

Appendix table 6--European Currency Unit (ECU) exchange rates, 1985-88

Country	1985	1986	1987	1988
----- National currency per ECU -----				
European Community				
Belgium-Luxembourg	44.914	43.802	42.492	43.429
Denmark	8.019	7.936	7.885	7.952
France	6.795	6.798	6.929	7.036
Germany, West	2.226	2.129	2.072	2.074
Greece	105.742	138.370	156.274	167.588
Ireland	0.715	0.733	0.775	0.776
Italy	1,447.178	1,461.988	1,494.768	1,538.462
Netherlands	2.511	2.401	2.334	2.335
Portugal	130.259	147.016	162.628	170.068
Spain	129.166	137.457	142.167	137.608
United Kingdom	0.589	0.671	0.705	0.664
United States	0.763	0.984	1.154	1.182

Source: International Monetary Fund. International Financial Statistics. Vol.XLII, No. 4, Washington, DC, Apr. 1989; and Statistical Office of the European Community (EUROSTAT). External Trade, Monthly Statistics. Brussels, various issues.

Appendix table 7--European Community agricultural policy prices, 1985/86-1989/90

Product	Type of price	1985/86	1986/87	1987/88	1988/89	1989/90
		----- ECU's per ton -----				
Soft wheat	target	254.98	256.16	256.10	250.30	247.78
	intervention (bread)	209.30	179.44	179.44	179.44	179.44
	intervention (feed)	179.44	170.47	170.47	170.47	170.47
	threshold	249.95	250.81	251.39	245.68	234.44
Durum wheat	target	357.70	357.70	357.70	334.91	315.39
	intervention	312.08	299.60	291.59	276.34	261.09
	aid/ha	101.31	113.79	121.80	137.05	158.98
	threshold	352.67	352.35	352.99	330.29	311.05
Barley	target	232.61	233.86	223.80	228.00	225.48
	intervention	179.44	170.47	170.47	170.47	170.47
	threshold	227.58	228.51	229.09	223.38	221.14
Corn	target	232.61	233.86	233.80	228.00	225.48
	intervention	179.44	179.44	179.44	179.44	179.44
	threshold	227.58	245.57	248.11	245.09	221.14
Sorghum	target	232.61	233.86	233.80	228.00	225.48
	intervention	179.44	170.47	170.47	170.47	170.47
	threshold	227.58	228.51	229.09	223.38	221.14
Rye	target	232.61	233.86	233.80	228.00	225.48
	intervention	181.23	170.47	170.47	170.47	170.47
	threshold	229.58	228.51	229.09	223.38	NA
Rice	target (husked)	548.37	548.37	548.37	549.85	546.88
	intervention (paddy)	314.19	314.19	314.19	314.19	314.19
	threshold (husked)	541.63	541.63	542.64	543.15	NA
Sugar beet	basic	40.89	40.89	40.89	40.89	40.07
	'A' quota	40.07	40.07	40.07	40.07	NA
	'B' quota	27.81	27.81	24.74	27.81	NA
Raw sugar	intervention	448.50	449.20	449.20	449.20	NA
	threshold	572.40	574.00	574.00	567.50	NA
White sugar	target	570.30	570.30	570.30	570.30	NA
	intervention	541.80	541.80	541.80	541.80	531.00
	threshold	668.50	670.30	670.30	663.30	NA
Rapeseed	target	464.10	464.10	450.20	450.20	450.20
	intervention	421.50	421.50	407.60	407.60	407.60
Sunflower	target	573.50	583.50	583.50	583.50	583.50
	intervention	524.70	534.70	534.70	534.70	534.70
Soybeans	guide	575.80	575.80	558.50	558.50	558.50
	minimum	506.70	506.70	489.40	489.40	489.40
Olive oil	production target	3,225.60	3,225.60	3,225.60	3,225.60	3,225.60
	intervention	2,276.20	2,162.40	2,162.40	2,162.40	2,162.40
	production aid	709.50	709.50	709.50	709.50	709.50
Dried fodder	guide	178.92	178.92	178.92	178.92	178.92
Peas and beans	activating	506.40	509.60	457.20	447.60	447.60
	guide	NA	328.00	295.20	295.20	295.20
	minimum, peas	283.50	286.30	257.70	257.70	257.70
	minimum, beans	273.50	276.20	248.60	248.60	238.70

See footnotes at end of table.

Continued--

Appendix table 7--European Community agricultural policy prices, 1985/86-1989/90--Continued

Product	Type of price	1985/86	1986/87	1987/88	1988/89	1989/90
		----- ECU per ton -----				
Lupins	activating minimum	NA NA	485.00 321.10	430.50 289.00	430.50 289.00	430.50 289.00
Dairy	milk target	278.40	278.40	278.40	278.40	278.40
	butter intervention 1/	3,132.00	3,132.00	3,132.00	3,132.00	3,008.00
	SMP intervention	1,740.40	1,740.40	1,740.40	1,740.40	1,740.40
	cheese intervention:					
	Grana padano					
	- 30 - 60 days	3,889.30	3,889.30	3,889.30	3,889.30	3,889.30
	- 6 months	4,803.30	4,803.30	4,803.30	4,803.30	4,803.30
	Parmigiano-Reggiano					
	- 6 months	5,291.90	5,291.90	5,291.90	5,291.90	5,291.90
Beef and veal	adult cattle					
	- guide (liveweight)	2,050.20	2,050.20	2,050.20	2,050.20	2,050.20
	- intervention (carcass weight)	3,500.00	3,440.00	3,440.00	3,440.00	3,440.00
Sheepmeat	basic (slaughter wt.)	4,323.20	4,323.20	4,323.20	4,323.20	4,323.20
Pigmeat	basic (slaughter wt.)	2,033.30	2,033.30	2,033.30	2,033.30	2,033.30
Cotton	objective minimum	960.20 912.30	960.20 912.30	960.20 912.30	960.20 912.30	960.20 912.30
Table wine	guide					
	RI (ECU/degree hl)	3.42	3.42	3.35	3.35	3.27
	RII (ECU/degree hl)	3.42	3.42	3.35	3.35	3.27
	RIII (ECU/hl)	53.30	53.30	52.23	52.23	52.23
	AI (ECU/degree hl)	3.17	3.17	3.11	3.11	3.17
	AII (ECU/hl)	71.02	71.02	69.60	69.60	69.60
	AIII (ECU/hl)	81.11	81.11	79.49	79.49	79.49

NA = not available.

1/ Additional to the 2 percent reduction applied under the "SLOM" milk quota arrangements.

Source: Commission of the European Communities, The Agricultural Situation in the Community, various issues; Agra Europe, May, 1989; and Herlihy, Michael, Stephen Magiera, Richard Henry, and Kenneth Bailey. Agricultural Statistics of the European Community, 1960-85. SB-770, US Dept. Agr., Econ. Res. Serv., Dec. 1988.

Appendix table 8--Agricultural conversion (green) rates for selected commodities, 1985/86-1989/90 1/

Commodity	Belgium Luxembourg	Denmark	France	Ireland	Italy	Netherlands	United Kingdom	West Germany	Greece	Spain	Portugal
National currency per ECU											
Durum wheat											
1985/86	46.4118	8.41499	7.00089	0.750110	1,482.000	2.70178	0.618655	2.32792	102.345	144.382	150.335
1986/87	46.8712	8.54064	7.09967	0.777581	1,539.000	2.70178	0.626994	2.39792	116.673	145.796	151.812
1987/88	48.0658	8.75497	7.47587	0.831375	1,597.000	2.68801	0.656148	2.39792	134.174	154.213	171.725
1988/89	48.1754	8.79795	7.52958	0.837545	1,615.844	2.67456	0.665532	2.38586	149.326	154.213	188.007
1989/90 2/	48.2869	8.93007	7.69787	0.856765	1,673.000	2.66089	0.701383	2.37360	190.998	154.213	192.002
Cereals											
1985/86	46.4118	8.41499	7.00089	0.750110	1,482.000	2.70178	0.618655	2.39792	102.345	144.382	150.335
1986/87	46.8712	8.54064	7.09967	0.777581	1,539.000	2.70178	0.626994	2.39792	116.673	145.796	151.812
1987/88	48.0658	8.75497	7.47587	0.831375	1,597.000	2.68801	0.656148	2.39792	134.174	154.213	171.725
1988/89	48.1754	8.79795	7.52958	0.837545	1,615.844	2.67456	0.665532	2.38586	149.326	154.213	188.007
1989/90 2/	48.2869	8.93007	7.69787	0.856765	1,673.000	2.66089	0.701383	2.37360	190.998	154.213	192.002
Rapeseed											
1985/86	46.4118	8.41499	7.00089	0.750110	1,482.000	2.68749	0.618655	2.38516	102.345	144.382	150.335
1986/87	46.8712	8.54064	7.09967	0.777639	1,539.000	2.68749	0.626994	2.38516	116.673	145.796	151.812
1987/88	48.0658	8.75497	7.47587	0.831375	1,597.000	2.67387	0.656148	2.38516	116.673	154.213	171.725
1988/89	48.1760	8.79819	7.51204	0.837579	1,615.948	2.64704	0.665584	2.36110	149.714	154.213	188.007
1989/90 2/	48.2869	8.93007	7.69787	0.856765	1,673.000	2.63785	0.701383	2.36110	179.387	152.896	192.002
Sunflowerseed											
1985/86	46.4118	8.41499	7.00089	0.750110	1,482.000	2.68749	0.618655	2.38516	102.345	144.382	150.335
1986/87	46.8712	8.54064	7.09967	0.777639	1,539.000	2.68749	0.626994	2.38516	116.673	145.796	151.812
1987/88	48.0658	8.75497	7.47587	0.831375	1,597.000	2.67387	0.656148	2.38516	116.673	154.213	171.725
1988/89	48.1760	8.79819	7.51204	0.837579	1,615.948	2.64704	0.665584	2.36110	149.714	154.213	188.007
1989/90 2/	48.2869	8.93007	7.69787	0.856765	1,673.000	2.63785	0.701383	2.36110	179.387	152.896	192.002
Soybean											
1985/86	46.4118	8.41499	7.00089	0.750110	1,482.000	2.68749	0.618655	2.38516	102.345	144.382	150.335
1986/87	46.8712	8.54064	7.09967	0.777639	1,539.000	2.68749	0.626994	2.38516	116.673	145.796	151.812
1987/88	48.0658	8.75497	7.47587	0.831375	1,597.000	2.67387	0.656148	2.38516	116.673	154.213	171.725
1988/89	48.1760	8.79819	7.51204	0.837579	1,615.948	2.64704	0.665584	2.36110	149.714	154.213	188.007
1989/90 2/	48.2869	8.93007	7.69787	0.856765	1,673.000	2.63785	0.701383	2.36110	179.387	152.896	192.002
Beef and veal											
1985/86	46.4118	8.41499	6.98060	0.750110	1,545.910	2.68749	0.618655	2.38516	100.532	144.382	150.335
1986/87	47.2270	8.56291	7.26081	0.793710	1,546.000	2.68749	0.633719	2.38516	115.064	146.891	150.335
1987/88	47.8663	8.70938	7.65709	0.837228	1,598.000	2.68749	0.699462	2.38516	122.692	153.529	166.392
1988/89	48.0684	8.76281	7.70591	0.845315	1,616.526	2.64704	0.710546	2.36110	135.803	155.786	188.007
1989/90 2/	48.2869	8.93007	7.85183	0.873900	1,682.000	2.63785	0.729831	2.35053	164.996	155.786	192.002
Pork											
1985/86	46.7216	8.47115	7.25403	0.762642	1,506.263	2.68749	0.630581	2.38516	107.173	144.382	150.335
1986/87	47.3310	8.63986	7.59666	0.823156	1,565.000	2.68749	0.658594	2.38516	117.503	148.154	157.543
1987/88	48.0467	8.88697	7.73579	0.843427	1,674.000	2.67387	0.698007	2.38516	137.965	153.353	171.725
1988/89	48.2468	8.91998	7.76928	0.856591	1,708.981	2.64704	0.722777	2.36110	161.594	148.670	188.007
1989/90 2/	48.2869	8.93007	7.85183	0.856765	1,714.000	2.63785	0.726750	2.36110	194.765	146.854	192.002
Sheep and goat											
1985/86	46.4118	8.41499	7.00477	0.750110	1,474.330	2.68749	0.618655	2.38516	100.532	144.382	150.335
1986/87	47.1954	8.55705	7.26653	0.786347	1,543.000	2.68749	0.633123	2.38516	144.812	146.791	152.848
1987/88	47.7076	8.58163	7.54539	0.817756	1,554.000	2.67387	0.652375	2.38516	140.772	151.806	172.294
1988/89	47.3110	8.58163	7.54539	0.817756	1,554.000	2.67387	0.625575	2.36110	150.275	151.806	181.888
1989/90 2/	48.2869	8.93007	7.69787	0.856765	1,682.000	2.63785	0.699340	2.35053	197.622	153.315	192.002
Milk and milk products											
1985/86	46.4118	8.41499	7.08013	0.750110	1,474.330	2.71620	0.618655	2.41047	100.532	144.382	150.335
1986/87	46.4118	8.41499	7.28928	0.793710	1,546.000	2.71620	0.633719	2.41047	115.064	146.891	150.335
1987/88	47.6391	8.67021	7.43513	0.828538	1,598.000	2.70577	0.658095	2.41047	123.186	154.074	166.392
1988/89	48.1059	8.86715	7.50258	0.835193	1,622.616	2.66530	0.670360	2.38591	135.917	155.786	188.007
1989/90 2/	48.2869	8.93007	7.69787	0.856765	1,682.000	2.63785	0.706728	2.35053	164.996	155.786	192.002

1/ Agricultural conversion (green) rates are set at various times during the year. The conversion rates above are weighted marketing year averages where the weights are determined by the number of days each conversion rate is in effect.

2/ The 1989/90 green rates are those issued by the Commission for the start of the 1989/90 marketing year, and are not a weighted average. The dairy and beef green rates went into effect on May 1, 1989. Rates for other commodities apply from the beginning of their respective marketing years.

Source: Herlihy, Michael, Stephen Magiera, Richard Henry, and Kenneth Bailey. Agricultural Statistics of the European Community, 1960-85. SB-770, US Dept. Agr., Econ. Res. Serv., Dec. 1988; Agra Europe, Apr., 1989; Cap Monitor; and the Official Journal of the European Communities, No L25/21, Jan., 1989.

Appendix table 9--European Agricultural Guidance and Guarantee Fund (EAGGF) guarantee expenditures, 1980-87

	1980	1981	1982	1983	1984	1985	1986	1987
----- Million ECUs -----								
Cereals	1,669	1,921	1,825	2,441	1,650	2,311	3,392	4,977
Export refunds	1,175	1,206	1,065	1,525	918	1,077	1,712	3,558
Intervention	494	715	760	916	732	1,234	1,680	1,419
Production refunds	148	129	135	130	176	181	178	295
Durum aid	129	171	166	219	200	243	211	305
Storage	213	342	453	566	356	810	1,347	1,181
Coresponsibility levy	--	--	--	--	--	--	-56	-429
Rice	59	22	50	93	48	50	94	133
Export refunds	44	17	41	68	27	37	92	127
Intervention	14	5	9	25	21	14	2	6
Sugar	575	768	1,242	1,316	1,632	1,805	1,725	2,452
Export refunds	286	409	744	758	1,190	1,353	1,238	1,870
Intervention	289	358	498	558	442	452	487	582
Storage	273	344	490	551	430	440	471	517
Oils and fats 1/	687	1,025	1,214	1,621	1,752	1,803	2,632	4,595
Export refunds	4	8	13	13	9	23	32	93
Intervention	684	1,017	1,201	1,608	1,744	1,780	2,600	4,501
Storage	30	46	56	9	69	5	49	61
Dairy	4,752	3,343	3,328	4,396	5,442	5,933	5,406	6,022
Export refunds	2,746	1,886	1,521	1,327	1,943	2,028	2,155	2,823
Intervention	2,006	1,456	1,806	3,069	3,498	3,905	3,251	3,199
Skim milk aid	1,282	1,157	1,311	1,631	1,841	1,827	1,950	2,007
Skim milk storage	21	83	135	635	820	580	384	251
Butter storage	440	215	197	411	830	1,326	1,035	860
Butter disposal	208	212	414	494	450	403	202	293
Cost to milk producers	-223	-479	-573	-527	-749	-637	-717	-672
Market extension	109	106	106	154	184	210	205	344
Beef and veal	1,363	1,437	1,159	1,737	2,547	2,746	3,481	2,721
Export refunds	716	825	644	828	1,393	1,339	1,214	1,062
Intervention	648	612	515	908	1,154	1,407	2,267	1,659
Storage	504	393	342	632	815	1,094	2,031	1,255
Sheepmeat intervention	54	192	252	306	434	502	617	808
Pork	116	155	112	145	196	166	152	195
Export refunds	92	133	96	120	157	103	75	134
Intervention	24	22	16	25	39	63	77	61
Poultry export refunds	86	84	104	123	70	63	98	178
Eggs	18	18	24	30	20	18	27	33
Poultry	68	66	80	93	49	45	71	144
Fruit and vegetables	687	641	914	1,196	1,455	1,231	986	1,121
Export refunds	41	43	60	58	59	75	77	72
Intervention	646	598	855	1,138	1,396	1,156	909	1,049
Other products	969	1,316	1,894	2,057	2,772	2,908	3,015	3,798
Export refunds	264	327	477	399	438	491	546	784
Intervention	705	990	1,417	1,658	2,334	2,417	2,469	3,014
Total market organization	11,016	10,903	12,093	15,431	17,996	19,517	21,598	26,999
Accession compensatory amounts (ACA)	--	--	--	--	--	--	6	23
Monetary compensatory amounts (MCA)	299	238	313	488	376	190	476	695
Community compensation measures	--	--	--	--	--	136	114	--
Interest to member states	--	--	--	--	--	--	--	6
Total EAGGF guarantee expenditures	11,315	11,141	12,406	15,920	18,372	19,843	22,193	27,723

'--' indicates none or negligible.  
1/ Oils and fats include olive oil.

Source: Herlihy, M., S. Magiera, R. Henry and K. Bailey. Agricultural Statistics of the European Community, 1960-85. Statistical Bulletin No. 770. U.S. Dept. Agr., Econ. Res. Serv., Jan. 1989; and Commission of the European Communities, The Agricultural Situation in the Community, various issues.

Appendix table 10--Supply and use of wheat in Western Europe, 1985-89 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
	1,000 hectares	Tons per hectare	----- 1,000 tons -----							
European Community										
Belgium-Luxembourg										
1985	194	6.21	1,204	279	1,406	627	600	1,346	1,946	316
1986	198	6.78	1,342	316	1,120	723	425	1,299	1,724	331
1987	199	5.60	1,114	331	1,304	759	400	1,320	1,720	270
1988	204	6.50	1,327	270	1,200	700	420	1,382	1,802	295
1989	210	6.43	1,350	295	1,350	650	500	1,500	2,000	345
Denmark										
1985	340	5.80	1,972	484	253	492	1,443	466	1,909	308
1986	354	6.15	2,177	308	140	450	1,550	169	1,719	456
1987	398	5.74	2,285	456	123	596	1,440	385	1,825	443
1988	310	6.80	2,108	443	50	500	1,400	428	1,828	273
1989	455	6.59	3,000	273	50	950	1,500	400	1,900	473
France										
1985	4,832	6.06	29,262	3,690	262	16,969	6,736	5,486	12,222	4,023
1986	4,905	5.44	26,665	4,023	281	15,604	5,239	6,377	11,616	3,749
1987	4,959	5.49	27,234	3,749	165	16,441	5,523	6,096	11,619	3,088
1988	4,829	6.14	29,660	3,088	210	20,340	5,625	6,095	11,720	898
1989	5,100	5.88	30,000	898	160	17,550	5,725	5,975	11,700	1,808
Germany Fed. Rep.										
1985	1,612	6.12	9,866	5,142	2,750	2,817	5,311	4,857	10,168	4,773
1986	1,648	6.31	10,406	4,773	1,773	2,513	4,667	4,149	8,816	5,623
1987	1,671	5.94	9,932	5,623	2,029	3,440	4,800	4,776	9,576	4,568
1988	1,743	6.84	11,922	4,568	1,600	3,000	5,200	5,000	10,200	4,890
1989	1,785	6.67	11,900	4,890	1,600	3,000	5,200	5,000	10,200	5,190
Greece										
1985	848	2.09	1,775	327	537	742	--	1,695	1,695	202
1986	872	2.52	2,200	202	268	460	60	1,575	1,635	575
1987	869	2.44	2,118	575	320	550	100	1,680	1,780	683
1988	875	2.63	2,300	683	270	1,200	90	1,610	1,700	353
1989	875	2.29	2,000	353	300	700	80	1,575	1,655	298
Ireland										
1985	78	5.99	467	80	469	78	490	398	888	50
1986	76	5.25	399	50	417	109	323	404	727	30
1987	57	6.54	373	30	402	114	300	366	666	25
1988	62	6.73	417	25	450	50	400	422	822	20
1989	69	6.52	450	20	450	120	350	430	780	20
Italy										
1985	3,034	2.79	8,461	1,460	5,040	2,534	1,700	9,327	11,027	1,400
1986	3,136	2.90	9,102	1,400	4,988	1,832	1,900	9,308	11,208	2,450
1987	3,087	3.03	9,359	2,450	4,271	2,091	1,600	9,739	11,339	2,650
1988	2,881	2.76	7,958	2,650	5,100	3,400	1,400	9,658	11,058	1,250
1989	2,900	2.79	8,100	1,250	5,100	2,100	1,250	10,000	11,250	1,100
Netherlands										
1985	128	6.65	851	235	1,582	614	660	1,161	1,821	233
1986	118	7.97	940	233	1,578	752	552	1,196	1,748	251
1987	111	6.93	769	251	1,700	750	550	1,150	1,700	270
1988	114	7.15	815	270	1,600	700	650	1,189	1,839	146
1989	120	7.50	900	146	2,700	1,150	700	1,650	2,350	246
United Kingdom										
1985	1,902	6.33	12,045	4,174	2,230	2,600	5,725	5,690	11,415	4,434
1986	1,997	6.97	13,910	4,434	1,250	5,400	5,800	5,064	10,864	3,330
1987	1,994	5.99	11,940	3,330	2,165	2,520	5,710	6,110	11,820	3,095
1988	1,886	6.15	11,605	3,095	1,200	1,800	5,610	6,370	11,980	2,120
1989	2,100	6.67	14,000	2,120	1,000	3,500	5,610	6,390	12,000	1,620
Total EC-10										
1985	12,968	5.08	65,903	15,871	14,529	27,473	22,665	30,426	53,091	15,739
1986	13,304	5.05	67,141	15,739	11,815	27,843	20,516	29,541	50,057	16,795
1987	13,345	4.88	65,124	16,795	12,479	27,261	20,423	31,622	52,045	15,092
1988	12,904	5.28	68,112	15,092	11,680	31,690	20,795	32,154	52,949	10,245
1989	13,614	5.27	71,700	10,245	12,710	29,720	20,915	32,920	53,835	11,100

See footnotes at end of table.

Continued--

Appendix table 10--Supply and use of wheat in Western Europe, 1985-89 1/--Continued

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
	1,000 hectares	Tons per hectare					1,000 tons			
Portugal										
1985	282	1.40	395	282	727	--	25	1,094	1,119	285
1986	317	1.58	502	285	573	--	28	1,102	1,130	230
1987	324	1.65	534	230	416	--	28	1,002	1,030	150
1988	273	1.59	435	150	650	--	80	1,040	1,120	115
1989	330	1.65	545	115	500	--	30	985	1,015	145
Spain										
1985	2,043	2.61	5,329	225	75	285	1,010	4,033	5,043	301
1986	2,114	2.08	4,392	301	1,095	200	1,188	4,300	5,488	100
1987	2,223	2.59	5,768	100	553	614	1,507	4,200	5,707	100
1988	2,333	2.65	6,173	100	250	350	2,073	4,000	6,073	100
1989	2,250	2.49	5,600	100	250	500	550	4,800	5,350	100
Total EC-12										
1985	15,293	4.68	71,627	16,378	15,331	27,758	23,700	35,553	59,253	16,325
1986	15,735	4.58	72,035	16,325	13,483	28,043	21,732	34,943	56,675	17,125
1987	15,892	4.49	71,426	17,125	13,448	27,875	21,958	36,824	58,782	15,342
1988	15,510	4.82	74,720	15,342	12,580	32,040	22,948	37,194	60,142	10,460
1989	16,194	4.81	77,845	10,460	13,460	30,220	21,495	38,705	60,200	11,345
Other Western Europe										
Austria										
1985	320	4.88	1,563	169	--	615	310	549	859	258
1986	324	4.37	1,415	258	--	539	361	549	910	224
1987	320	4.53	1,451	224	--	608	270	538	808	259
1988	292	5.34	1,560	259	--	690	260	542	802	327
1989	269	5.02	1,350	327	--	620	250	537	787	270
Finland										
1985	157	3.15	495	517	23	--	82	402	484	551
1986	166	3.19	529	551	27	61	94	400	494	552
1987	139	2.02	281	552	128	3	120	400	520	438
1988	109	2.61	285	438	120	25	160	350	510	308
1989	155	3.03	470	308	30	25	110	345	455	328
Norway										
1985	39	4.36	170	320	270	--	70	340	410	350
1986	50	3.16	158	350	265	--	70	345	415	358
1987	58	3.97	230	358	211	--	100	350	450	349
1988	31	6.45	200	349	220	--	70	345	415	354
1989	50	4.40	220	354	220	--	70	374	444	350
Sweden										
1985	277	4.83	1,338	411	42	614	247	613	860	317
1986	311	5.56	1,730	317	54	820	198	765	963	318
1987	325	4.79	1,558	318	80	589	426	605	1,031	336
1988	250	5.18	1,295	336	40	245	465	606	1,071	355
1989	305	5.34	1,630	355	35	600	460	600	1,060	360
Switzerland										
1985	93	5.60	521	574	235	--	199	561	760	570
1986	94	5.09	478	570	286	--	210	550	760	574
1987	93	4.84	450	574	277	--	200	551	751	550
1988	91	5.49	500	550	280	--	200	575	775	555
1989	91	5.49	500	555	280	--	200	580	780	555
Total Other Western Europe										
1985	887	4.61	4,090	1,995	660	1,229	908	2,560	3,468	2,048
1986	946	4.56	4,313	2,048	727	1,420	933	2,707	3,640	2,028
1987	936	4.24	3,973	2,028	798	1,200	1,116	2,549	3,665	1,934
1988	774	4.97	3,843	1,934	765	960	1,155	2,526	3,681	1,901
1989	871	4.79	4,173	1,901	670	1,245	1,090	2,544	3,634	1,865
Total Western Europe										
1985	16,180	4.68	75,717	18,373	15,991	28,987	24,608	38,113	62,721	18,373
1986	16,681	4.58	76,348	18,373	14,210	29,463	22,665	37,650	60,315	19,153
1987	16,828	4.48	75,399	19,153	14,246	29,075	23,074	39,373	62,447	17,276
1988	16,284	4.82	78,563	17,276	13,345	33,000	24,103	39,720	63,823	12,361
1989	17,065	4.81	82,018	12,361	14,130	31,465	22,585	41,249	63,834	13,210

'---' indicates none or negligible.

1/ Data for 1988 are preliminary; 1989 values are June 1989 forecasts.

Source: USDA, Foreign Agricultural Service.

Appendix table 11--Supply and use of coarse grains in Western Europe, 1985-89 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
	1,000 hectares	Tons per hectare	----- 1,000 tons -----							
European Community										
Belgium-Luxembourg										
1985	179	5.34	956	66	3,406	1,467	1,518	1,333	2,851	110
1986	186	5.74	1,068	110	2,953	1,006	1,356	1,736	3,092	33
1987	180	5.09	916	33	2,494	808	1,078	1,556	2,634	1
1988	175	5.68	994	1	2,710	825	1,185	1,694	2,879	1
1989	168	5.52	928	1	2,715	860	1,075	1,708	2,783	1
Denmark										
1985	1,271	4.70	5,976	762	124	1,055	4,029	761	4,790	1,017
1986	1,228	4.72	5,799	1,017	99	1,300	3,816	774	4,590	1,025
1987	1,100	4.46	4,907	1,025	189	1,146	3,624	571	4,195	780
1988	1,277	4.69	5,994	780	110	1,720	3,778	604	4,382	782
1989	1,053	4.79	5,047	782	120	1,030	3,652	577	4,229	690
France										
1985	4,835	5.55	26,816	1,922	498	9,816	11,494	3,207	14,701	4,719
1986	4,576	5.14	23,519	4,719	565	10,116	11,469	3,446	14,915	3,772
1987	4,303	5.91	25,445	3,772	358	11,033	11,265	3,475	14,740	3,802
1988	4,450	6.01	26,739	3,802	253	11,836	11,335	3,607	14,942	4,016
1989	4,435	5.80	25,740	4,016	212	11,390	11,547	3,398	14,945	3,633
Germany, Fed. Rep.										
1985	3,264	4.92	16,049	2,964	2,962	1,116	11,817	5,084	16,901	3,958
1986	3,164	4.80	15,184	3,958	2,436	1,709	10,381	4,624	15,005	4,864
1987	3,025	4.57	13,839	4,864	2,737	1,548	10,381	4,983	15,364	4,528
1988	3,001	5.06	15,191	4,528	2,277	1,690	10,607	5,250	15,857	4,449
1989	2,874	4.95	14,235	4,449	2,410	1,330	10,490	5,050	15,540	4,224
Greece										
1985	584	4.32	2,523	148	487	584	2,247	198	2,445	129
1986	538	5.13	2,762	129	763	580	2,405	345	2,750	324
1987	565	5.33	3,013	324	471	630	2,504	320	2,824	354
1988	544	5.03	2,734	354	250	200	2,485	251	2,736	402
1989	530	5.08	2,692	402	250	400	2,495	227	2,722	222
Ireland										
1985	321	4.70	1,510	109	125	135	1,314	234	1,548	61
1986	304	4.72	1,435	61	98	271	1,061	223	1,284	39
1987	296	5.18	1,533	39	71	453	922	230	1,152	38
1988	285	5.15	1,468	38	76	458	887	211	1,098	26
1989	279	5.09	1,420	26	76	400	880	216	1,096	26
Italy										
1985	1,597	5.28	8,429	590	2,010	324	8,878	1,287	10,165	540
1986	1,519	5.56	8,445	540	2,056	290	9,042	1,269	10,311	440
1987	1,411	5.62	7,931	440	2,916	165	9,058	1,324	10,382	740
1988	1,493	5.63	8,411	740	2,424	180	9,444	1,361	10,805	590
1989	1,472	5.47	8,057	590	2,814	150	9,516	1,355	10,871	440
Netherlands										
1985	55	4.98	274	114	3,030	156	1,850	1,203	3,053	209
1986	53	6.06	321	209	2,882	163	1,844	1,194	3,038	211
1987	65	5.14	334	211	2,734	270	1,961	1,817	2,778	231
1988	83	4.83	401	231	2,678	185	1,379	1,471	2,850	275
1989	70	5.00	350	275	3,245	630	1,265	1,700	2,965	275
United Kingdom										
1985	2,113	4.93	10,420	1,705	1,831	3,040	5,012	3,364	8,376	2,540
1986	2,025	5.22	10,579	2,540	1,709	4,595	5,051	3,512	8,563	1,670
1987	1,943	5.01	9,738	1,670	1,687	2,975	4,788	3,662	8,450	1,670
1988	2,045	4.54	9,283	1,670	1,575	2,560	4,715	3,523	8,238	1,730
1989	1,812	5.27	9,543	1,730	1,465	3,010	4,605	3,693	8,298	1,430
Total EC-10										
1985	14,219	5.13	72,953	8,380	14,473	17,693	48,159	16,671	64,830	13,283
1986	13,593	5.08	69,112	13,283	13,561	20,030	46,425	17,123	63,548	12,378
1987	12,888	5.25	67,656	12,378	13,657	19,028	44,581	17,938	62,519	12,144
1988	13,353	5.33	71,215	12,144	12,353	19,654	45,815	17,972	63,787	12,271
1989	12,693	5.36	68,012	12,271	13,307	19,200	45,525	17,924	63,449	10,941

See footnotes at end of table.

Continued--

Appendix table 11--Supply and use of coarse grains in Western Europe, 1985-89 1/--Continued

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
	1,000 hectares	Tons per hectare					1,000 tons			
Portugal										
1985	639	1.27	812	427	1,556	--	1,983	436	2,419	376
1986	663	1.46	971	376	1,040	--	1,750	312	2,062	325
1987	629	1.56	983	325	735	--	1,533	311	1,844	199
1988	590	1.44	849	199	670	--	1,269	268	1,537	181
1989	588	1.69	993	181	525	--	1,228	302	1,530	169
Spain										
1985	5,468	2.77	15,171	1,978	2,240	1,979	13,909	2,017	15,926	1,484
1986	5,503	2.11	11,612	1,484	1,739	304	11,624	2,157	13,781	750
1987	5,489	2.50	13,711	750	2,330	1,763	11,694	2,133	13,827	1,201
1988	5,293	3.14	16,628	1,201	2,480	1,874	14,408	2,156	16,564	1,871
1989	5,364	2.57	13,785	1,871	3,370	1,420	14,260	2,532	16,792	814
Total EC-12										
1985	20,326	4.38	88,936	10,785	18,269	19,672	64,051	19,124	83,175	15,143
1986	19,759	4.13	81,695	15,143	16,340	20,334	59,799	19,592	79,391	13,453
1987	19,006	4.33	82,350	13,453	16,722	20,791	57,808	20,382	78,190	13,544
1988	19,236	4.61	88,692	13,544	15,503	21,528	61,492	20,396	81,888	14,323
1989	18,645	4.44	82,790	14,323	17,202	20,620	61,013	20,758	81,771	11,924
Other Western Europe										
Austria										
1985	738	5.36	3,952	370	18	375	2,977	595	3,572	393
1986	733	5.04	3,695	393	11	404	2,746	578	3,324	371
1987	678	5.18	3,514	371	90	359	2,629	617	3,246	370
1988	673	5.64	3,798	370	17	505	2,555	706	3,261	419
1989	644	5.42	3,492	419	19	405	2,490	678	3,168	357
Finland										
1985	1,102	2.88	3,171	752	33	772	2,156	520	2,676	508
1986	1,031	2.90	2,992	508	33	359	2,147	496	2,643	531
1987	996	2.22	2,208	531	47	--	1,779	523	2,302	484
1988	1,106	2.30	2,541	484	75	95	1,718	680	2,398	607
1989	1,069	2.86	3,053	607	30	400	1,933	625	2,558	732
Norway										
1985	302	3.66	1,104	488	44	--	1,058	199	1,257	379
1986	303	3.14	950	379	287	--	1,063	204	1,267	349
1987	302	3.34	1,009	349	163	--	1,017	144	1,161	360
1988	287	3.01	864	360	203	--	1,010	114	1,124	303
1989	297	3.46	1,029	303	188	--	1,060	133	1,193	327
Sweden										
1985	1,210	3.54	4,283	658	91	901	3,187	480	3,667	464
1986	1,177	3.47	4,089	464	52	698	3,153	391	3,544	363
1987	1,029	3.52	3,621	363	153	339	2,953	463	3,416	382
1988	1,041	3.31	3,450	382	59	306	2,854	403	3,257	328
1989	1,063	3.68	3,913	328	9	350	3,011	536	3,547	353
Switzerland										
1985	91	5.79	527	617	498	--	1,065	56	1,121	521
1986	95	5.06	481	521	543	1	988	74	1,062	482
1987	83	5.66	470	482	559	--	990	35	1,025	486
1988	90	5.29	476	486	533	--	974	37	1,011	484
1989	89	5.54	493	484	520	--	973	60	1,033	464
Total Other Western Europe										
1985	3,444	3.79	13,039	2,885	785	2,048	10,443	1,953	12,396	2,265
1986	3,340	3.66	12,209	2,265	986	1,462	10,097	1,805	11,902	2,096
1987	3,089	3.50	10,824	2,096	1,092	698	9,368	1,864	11,232	2,082
1988	3,198	3.48	11,131	2,082	997	906	9,111	2,052	11,163	2,141
1989	3,163	3.79	11,982	2,141	876	1,155	9,467	2,144	11,611	2,233
Total Western Europe										
1985	23,770	4.29	101,975	13,670	19,054	21,720	74,494	21,077	95,571	17,408
1986	23,099	4.07	93,904	17,408	17,326	21,796	69,896	21,397	91,293	15,549
1987	22,095	4.22	93,174	15,549	17,814	21,489	67,176	22,246	89,422	15,626
1988	22,434	4.45	99,823	15,626	16,500	22,434	70,603	22,448	93,051	16,464
1989	21,808	4.35	94,772	16,464	18,078	21,775	70,480	22,902	93,382	14,157

'--' indicates none or negligible.

1/ Data for 1988 are preliminary; 1989 values are June 1989 forecasts.

Source: USDA, Foreign Agricultural Service.

Appendix table 12--Supply and use of rice in Western Europe, 1985-89 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
	1,000 hectares	Tons per hectare				1,000 tons				
European Community										
Belgium-Luxembourg										
1985	--	--	--	--	190	140	--	50	50	--
1986	--	--	--	--	160	110	--	50	50	--
1987	--	--	--	--	172	129	--	43	43	--
1988	--	--	--	--	175	120	--	55	55	--
1989	--	--	--	--	185	130	--	55	55	--
Denmark										
1985	--	--	--	--	15	--	--	15	15	--
1986	--	--	--	--	15	--	--	15	15	--
1987	--	--	--	--	15	--	--	15	15	--
1988	--	--	--	--	20	--	--	20	20	--
1989	--	--	--	--	20	--	--	20	20	--
France										
1985	11	3.64	40	23	185	15	--	214	214	19
1986	12	3.25	39	19	220	40	--	220	220	18
1987	12	3.17	38	18	185	18	--	203	203	20
1988	14	3.57	50	20	187	22	--	215	215	20
1989	17	3.47	59	20	180	25	--	214	214	20
Germany, Fed. Rep.										
1985	--	--	--	53	194	40	--	131	131	76
1986	--	--	--	76	190	40	--	141	141	85
1987	--	--	--	85	185	32	--	154	154	84
1988	--	--	--	84	182	32	--	151	151	83
1989	--	--	--	83	185	35	--	153	153	80
Greece										
1985	16	4.19	67	4	7	20	--	50	50	8
1986	18	4.17	75	8	7	25	--	55	55	10
1987	18	4.06	73	10	6	25	--	53	53	11
1988	21	3.48	73	11	6	20	--	54	54	16
1989	22	3.45	76	16	5	19	--	55	55	23
Ireland										
1985	--	--	--	--	5	--	--	5	5	--
1986	--	--	--	--	5	--	--	5	5	--
1987	--	--	--	--	5	--	--	5	5	--
1988	--	--	--	--	5	--	--	5	5	--
1989	--	--	--	--	5	--	--	5	5	--
Italy										
1985	187	4.27	799	75	232	667	--	315	315	124
1986	193	3.77	728	124	135	524	--	330	330	133
1987	191	3.91	746	133	96	541	--	340	340	94
1988	199	3.60	716	94	50	425	--	340	340	95
1989	202	3.82	771	95	100	550	--	335	335	81
Netherlands										
1985	--	--	--	2	165	100	--	52	52	15
1986	--	--	--	15	140	80	--	52	52	23
1987	--	--	--	23	143	78	--	62	62	26
1988	--	--	--	26	150	100	--	60	60	16
1989	--	--	--	16	145	80	--	60	60	21
United Kingdom										
1985	--	--	--	--	194	4	--	190	190	--
1986	--	--	--	--	270	80	--	190	190	--
1987	--	--	--	--	212	11	--	201	201	--
1988	--	--	--	--	235	10	--	225	225	--
1989	--	--	--	--	240	10	--	230	230	--
Total EC-10										
1985	214	4.23	906	157	1,187	986	--	1022	1022	242
1986	223	3.78	842	242	1,142	899	--	1058	1058	269
1987	221	3.88	857	269	1,019	834	--	1076	1076	235
1988	234	3.59	839	235	1,010	729	--	1125	1125	230
1989	241	3.76	906	230	1,065	849	--	1127	1127	225

See footnotes at end of table.

Continued--

Appendix table 12--Supply and use of rice in Western Europe, 1985-89 1/--Continued

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
	1,000 hectares	Tons per hectare	----- 1,000 tons -----							
Portugal										
1985	30	3.20	96	40	81	--	--	165	165	52
1986	32	3.03	97	52	46	--	--	153	153	42
1987	32	2.94	94	42	83	--	--	161	161	58
1988	33	2.97	98	58	48	--	--	150	150	54
1989	33	2.97	98	54	50	--	--	155	155	47
Spain										
1985	74	4.34	321	57	25	75	--	280	280	48
1986	79	4.38	346	48	80	105	--	295	295	74
1987	76	4.45	338	74	69	91	--	275	275	115
1988	80	4.36	349	115	100	180	--	275	275	109
1989	56	4.36	244	109	80	101	--	276	276	56
Total EC-12										
1985	318	4.16	1,323	254	1,293	1,061	--	1467	1467	342
1986	334	3.85	1,285	342	1,268	1,004	--	1506	1506	385
1987	329	3.92	1,289	385	1,171	925	--	1512	1512	408
1988	347	3.71	1,286	408	1,158	909	--	1550	1550	393
1989	330	3.78	1,248	393	1,195	950	--	1558	1558	328
Other Western Europe										
Austria										
1985	--	--	--	--	45	--	--	45	45	--
1986	--	--	--	--	55	--	--	55	55	--
1987	--	--	--	--	57	--	--	57	57	--
1988	--	--	--	--	60	--	--	60	60	--
1989	--	--	--	--	60	--	--	60	60	--
Finland										
1985	--	--	--	--	20	--	--	20	20	--
1986	--	--	--	--	20	--	--	20	20	--
1987	--	--	--	--	21	--	--	21	21	--
1988	--	--	--	--	20	--	--	20	20	--
1989	--	--	--	--	20	--	--	20	20	--
Norway										
1985	--	--	--	--	10	--	--	10	10	--
1986	--	--	--	--	10	--	--	10	10	--
1987	--	--	--	--	10	--	--	10	10	--
1988	--	--	--	--	10	--	--	10	10	--
1989	--	--	--	--	10	--	--	10	10	--
Sweden										
1985	--	--	--	2	28	--	--	27	27	3
1986	--	--	--	3	37	--	--	35	35	5
1987	--	--	--	5	31	--	--	32	32	4
1988	--	--	--	4	30	--	--	32	32	2
1989	--	--	--	2	35	--	--	34	34	3
Switzerland										
1985	--	--	--	11	25	--	--	25	25	11
1986	--	--	--	11	110	--	--	110	110	11
1987	--	--	--	11	25	--	--	25	25	11
1988	--	--	--	11	75	--	--	75	75	11
1989	--	--	--	11	50	--	--	50	50	11
Total Other Western Europe										
1985	--	--	--	13	128	--	--	127	127	14
1986	--	--	--	14	232	--	--	230	230	16
1987	--	--	--	16	144	--	--	145	145	15
1988	--	--	--	15	195	--	--	197	197	13
1989	--	--	--	13	175	--	--	174	174	14
Total Western Europe										
1985	318	4.16	1,323	267	1,421	1,061	--	1594	1594	356
1986	334	3.85	1,285	356	1,500	1,004	--	1736	1736	401
1987	329	3.92	1,289	401	1,315	925	--	1657	1657	423
1988	347	3.71	1,286	423	1,353	909	--	1747	1747	406
1989	330	3.78	1,248	406	1,370	950	--	1732	1732	342

'--' indicates none or negligible.

1/ Data for 1988 are preliminary; 1989 values are June 1989 forecasts.

Source: USDA, Foreign Agricultural Service.

Appendix table 13--Supply and use of total grains in Western Europe, 1985-89 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
	1,000 hectares	Tons per hectare	----- 1,000 tons -----							
European Community										
Belgium-Luxembourg										
1985	373	5.79	2,160	345	5,002	2,234	2,118	2,729	4,847	426
1986	384	6.28	2,410	426	4,233	1,839	1,781	3,085	4,866	364
1987	379	5.36	2,030	364	3,970	1,696	1,478	2,919	4,397	271
1988	379	6.12	2,321	271	4,085	1,645	1,605	3,131	4,736	296
1989	378	6.03	2,278	296	4,250	1,640	1,575	3,263	4,838	346
Denmark										
1985	1,611	4.93	7,948	1,246	392	1,547	5,472	1,242	6,714	1,325
1986	1,582	5.04	7,976	1,325	254	1,750	5,366	958	6,324	1,481
1987	1,498	4.80	7,192	1,481	327	1,742	5,064	971	6,035	1,223
1988	1,587	5.11	8,102	1,223	180	2,220	5,178	1,052	6,230	1,055
1989	1,508	5.34	8,047	1,055	190	1,980	5,152	997	6,149	1,163
France										
1985	9,678	5.80	56,118	5,635	945	26,800	18,230	8,907	27,137	8,761
1986	9,493	5.29	50,223	8,761	1,066	25,760	16,708	10,043	26,751	7,539
1987	9,274	5.68	52,717	7,539	708	27,492	16,788	9,774	26,562	6,910
1988	9,293	6.07	56,449	6,910	650	32,198	16,960	9,917	26,877	4,934
1989	9,552	5.84	55,799	4,934	552	28,965	17,272	9,587	26,859	5,461
Germany, Fed. Rep.										
1985	4,876	5.31	25,915	8,159	5,906	3,973	17,128	10,072	27,200	8,807
1986	4,812	5.32	25,590	8,807	4,399	4,262	15,048	8,914	23,962	10,572
1987	4,696	5.06	23,771	10,572	4,951	5,020	15,181	9,913	25,094	9,180
1988	4,744	5.72	27,113	9,180	4,059	4,722	15,807	10,401	26,208	9,422
1989	4,659	5.61	26,135	9,422	4,195	4,365	15,690	10,203	25,893	9,494
Greece										
1985	1,448	3.01	4,365	479	1,031	1,346	2,247	1,943	4,190	339
1986	1,428	3.53	5,037	339	1,038	1,065	2,465	1,975	4,440	909
1987	1,452	3.58	5,204	909	797	1,205	2,604	2,053	4,657	1,048
1988	1,440	3.55	5,107	1,048	526	1,420	2,575	1,915	4,490	771
1989	1,427	3.34	4,768	771	555	1,119	2,575	1,857	4,432	543
Ireland										
1985	399	4.95	1,977	189	599	213	1,804	637	2,441	111
1986	380	4.83	1,834	111	520	380	1,384	632	2,016	69
1987	353	5.40	1,906	69	478	567	1,222	601	1,823	63
1988	347	5.43	1,885	63	531	508	1,287	638	1,925	46
1989	348	5.37	1,870	46	531	520	1,230	651	1,881	46
Italy										
1985	4,818	3.67	17,689	2,125	7,282	3,525	10,578	10,929	21,507	2,064
1986	4,848	3.77	18,275	2,064	7,179	2,646	10,942	10,907	21,849	3,023
1987	4,689	3.85	18,036	3,023	7,283	2,797	10,658	11,403	22,061	3,484
1988	4,573	3.74	17,085	3,484	7,574	4,005	10,844	11,359	22,203	1,935
1989	4,574	3.70	16,928	1,935	8,014	2,800	10,766	11,690	22,456	1,621
Netherlands										
1985	183	6.15	1,125	351	4,777	870	2,510	2,416	4,926	457
1986	171	7.37	1,261	457	4,600	995	2,396	2,442	4,838	485
1987	176	6.27	1,103	485	4,577	1,098	1,511	3,029	4,540	527
1988	197	6.17	1,216	527	4,428	985	2,029	2,720	4,749	437
1989	190	6.58	1,250	437	6,090	1,860	1,965	3,410	5,375	542
United Kingdom										
1985	4,015	5.60	22,465	5,879	4,255	5,644	10,737	9,244	19,981	6,974
1986	4,022	6.09	24,489	6,974	3,229	10,075	10,851	8,766	19,617	5,000
1987	3,937	5.51	21,678	5,000	4,064	5,506	10,498	9,973	20,471	4,765
1988	3,931	5.31	20,888	4,765	3,010	4,370	10,325	10,118	20,443	3,850
1989	3,912	6.02	23,543	3,850	2,705	6,520	10,215	10,313	20,528	3,050
Total EC-10										
1985	27,401	5.10	139,762	24,408	30,189	46,152	70,824	48,119	118,943	29,264
1986	27,120	5.06	137,095	29,264	26,518	48,772	66,941	47,722	114,663	29,442
1987	26,454	5.05	133,637	29,442	27,155	47,123	65,004	50,636	115,640	27,471
1988	26,491	5.29	140,166	27,471	25,043	52,073	66,610	51,251	117,861	22,746
1989	26,548	5.30	140,618	22,746	27,082	49,769	66,440	51,971	118,411	22,266

See footnotes at end of table.

Continued--

Appendix table 13--Supply and use of total grains in Western Europe, 1985-89 1/--Continued

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
European Community	1,000 hectares	Tons per hectare	----- 1,000 tons -----							
Portugal										
1985	951	1.37	1,303	749	2,364	--	2,008	1,695	3,703	713
1986	1,012	1.55	1,570	713	1,659	--	1,778	1,567	3,345	597
1987	985	1.64	1,611	597	1,234	--	1,561	1,474	3,035	407
1988	896	1.54	1,382	407	1,368	--	1,349	1,458	2,807	350
1989	951	1.72	1,636	350	1,075	--	1,258	1,442	2,700	361
Spain										
1985	7,585	2.75	20,821	2,260	2,340	2,339	14,919	6,330	21,249	1,833
1986	7,696	2.12	16,350	1,833	2,914	609	12,812	6,752	19,564	924
1987	7,788	2.54	19,817	924	2,952	2,468	13,201	6,608	19,809	1,416
1988	7,706	3.00	23,150	1,416	2,830	2,404	16,481	6,431	22,912	2,080
1989	7,670	2.56	19,629	2,080	3,700	2,021	14,810	7,608	22,418	970
Total EC-12										
1985	35,937	4.50	161,886	27,417	34,893	48,491	87,751	56,144	143,895	31,810
1986	35,828	4.33	155,015	31,810	31,091	49,381	81,531	56,041	137,572	30,963
1987	35,227	4.40	155,065	30,963	31,341	49,591	79,766	58,718	138,484	29,294
1988	35,093	4.69	164,698	29,294	29,241	54,477	84,440	59,140	143,580	25,176
1989	35,169	4.60	161,883	25,176	31,857	51,790	82,508	61,021	143,529	23,597
Other Western Europe										
Austria										
1985	1,058	5.21	5,515	539	63	990	3,287	1,189	4,476	651
1986	1,057	4.83	5,110	651	66	943	3,107	1,182	4,289	595
1987	998	4.97	4,965	595	147	967	2,899	1,212	4,111	629
1988	965	5.55	5,358	629	77	1,195	2,815	1,308	4,123	746
1989	913	5.30	4,842	746	79	1,025	2,740	1,275	4,015	627
Finland										
1985	1,259	2.91	3,666	1,269	76	772	2,238	942	3,180	1,059
1986	1,197	2.94	3,521	1,059	80	420	2,241	916	3,157	1,083
1987	1,135	2.19	2,489	1,083	196	3	1,899	944	2,843	922
1988	1,215	2.33	2,826	922	215	120	1,878	1,050	2,928	915
1989	1,224	2.88	3,523	915	80	425	2,043	990	3,033	1,060
Norway										
1985	341	3.74	1,274	808	324	--	1,128	549	1,677	729
1986	353	3.14	1,108	729	562	--	1,133	559	1,692	707
1987	360	3.44	1,239	707	384	--	1,117	504	1,621	709
1988	318	3.35	1,064	709	433	--	1,080	469	1,549	657
1989	347	3.60	1,249	657	418	--	1,130	517	1,647	677
Sweden										
1985	1,487	3.78	5,621	1,071	161	1,515	3,434	1,120	4,554	784
1986	1,488	3.91	5,819	784	143	1,518	3,351	1,191	4,542	686
1987	1,354	3.82	5,179	686	264	928	3,379	1,100	4,479	722
1988	1,291	3.68	4,745	722	129	551	3,319	1,041	4,360	685
1989	1,368	4.05	5,543	685	79	950	3,471	1,170	4,641	716
Switzerland										
1985	184	5.70	1,048	1,202	758	--	1,264	642	1,906	1,102
1986	189	5.07	959	1,102	939	1	1,198	734	1,932	1,067
1987	176	5.23	920	1,067	861	--	1,190	611	1,801	1,047
1988	181	5.39	976	1,047	888	--	1,174	687	1,861	1,050
1989	180	5.52	993	1,050	850	--	1,173	690	1,863	1,030
Total Other Western Europe										
1985	4,331	3.95	17,129	4,893	1,573	3,277	11,351	4,640	15,991	4,327
1986	4,286	3.85	16,522	4,327	1,945	2,882	11,030	4,742	15,772	4,140
1987	4,025	3.68	14,797	4,140	2,034	1,898	10,484	4,558	15,042	4,031
1988	3,972	3.77	14,974	4,031	1,957	1,866	10,266	4,775	15,041	4,055
1989	4,034	4.00	16,155	4,055	1,721	2,400	10,557	4,862	15,419	4,112
Total Western Europe										
1985	40,268	4.45	179,015	32,310	36,466	51,768	99,102	60,784	159,886	36,137
1986	40,114	4.28	171,537	36,137	33,036	52,263	92,561	60,783	153,344	35,103
1987	39,252	4.33	169,862	35,103	33,375	51,489	90,250	63,276	153,526	33,325
1988	39,065	4.60	179,672	33,325	31,198	56,343	94,706	63,915	158,621	29,231
1989	39,203	4.54	178,038	29,231	33,578	54,190	93,065	65,883	158,948	27,709

/---/ indicates none or negligible.

1/ Data for 1988 are preliminary; 1989 values are June 1989 forecasts.

Source: USDA, Foreign Agricultural Service.

Appendix table 14--Supply and use of rapeseed in Western Europe, 1984-88 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Total use	Amount crushed	Food use	Feed, seed & waste	Ending stocks
	1,000 hectares	Tons per hectare	----- 1,000 tons -----								
European Community											
Belgium-Luxembourg											
1984	5	2.20	11	8	380	1	370	370	--	--	28
1985	2	3.00	6	28	337	1	365	365	--	--	5
1986	3	2.67	8	5	526	10	491	475	--	16	38
1987	5	3.00	15	38	553	8	534	524	--	10	64
1988	5	3.00	15	64	472	5	475	460	--	15	71
Denmark											
1984	191	2.48	474	--	--	392	82	81	--	1	--
1985	217	2.51	544	--	--	400	144	144	--	--	--
1986	227	2.72	618	--	--	416	202	164	--	38	--
1987	250	2.22	556	--	1	258	299	196	--	103	--
1988	199	2.65	528	--	--	253	275	235	--	40	--
France											
1984	430	3.03	1,304	46	97	638	808	806	--	2	1
1985	461	2.91	1,340	1	69	702	686	668	--	18	22
1986	388	2.76	1,071	22	35	559	558	540	--	18	11
1987	740	3.57	2,645	11	13	1,538	1,057	1,034	--	23	74
1988	869	2.67	2,320	74	6	1,265	1,130	1,100	--	30	5
Germany, Fed. Rep.											
1984	254	2.61	662	6	870	106	1,405	1,400	--	5	27
1985	266	3.02	803	27	1,148	113	1,810	1,808	--	2	55
1986	308	3.15	969	55	1,164	310	1,813	1,803	--	10	65
1987	428	2.96	1,265	65	1,250	215	2,305	2,270	--	35	60
1988	385	3.16	1,216	60	1,029	200	2,045	2,000	--	45	60
Greece											
1984	--	--	--	--	--	--	--	--	--	--	--
1985	--	--	--	--	--	--	--	--	--	--	--
1986	--	--	--	--	--	--	--	--	--	--	--
1987	--	--	--	--	--	--	--	--	--	--	--
1988	--	--	--	--	--	--	--	--	--	--	--
Ireland											
1984	4	2.25	9	--	--	5	4	4	--	--	--
1985	4	2.25	9	--	--	5	4	4	--	--	--
1986	4	2.25	9	--	2	10	1	1	--	--	--
1987	4	2.25	9	--	2	8	3	3	--	--	--
1988	4	2.25	9	--	3	8	4	4	--	--	--
Italy											
1984	2	2.50	5	--	28	--	33	33	--	--	--
1985	6	2.17	13	--	8	--	21	21	--	--	--
1986	23	1.91	44	--	4	--	48	48	--	--	--
1987	28	2.43	68	--	3	--	71	71	--	--	--
1988	30	2.33	70	--	5	--	75	75	--	--	--
Netherlands											
1984	13	2.92	38	33	218	14	217	200	--	17	58
1985	10	3.10	31	58	265	15	310	256	4	50	29
1986	6	3.33	20	29	430	39	362	310	2	50	78
1987	10	3.10	31	78	380	28	449	323	1	125	12
1988	7	3.29	23	12	445	25	440	320	--	120	15
United Kingdom											
1984	269	3.44	925	25	60	277	697	639	--	58	36
1985	296	3.02	895	36	150	416	654	604	--	50	11
1986	299	3.14	940	11	269	448	772	761	--	11	--
1987	388	3.49	1,353	--	86	191	1,118	1,103	--	15	130
1988	340	2.94	1,000	130	100	100	1,065	1,050	--	15	65
Total EC-10											
1984	1,168	2.93	3,428	118	1,653	1,433	3,616	3,533	--	83	150
1985	1,262	2.89	3,641	150	1,977	1,652	3,994	3,870	4	120	122
1986	1,258	2.92	3,679	122	2,430	1,792	4,247	4,102	2	143	192
1987	1,853	3.21	5,942	192	2,288	2,246	5,836	5,524	1	311	340
1988	1,839	2.82	5,181	340	2,060	1,856	5,509	5,244	--	265	216

See footnotes at end of table.

Continued--

Appendix table 14--Supply and use of rapeseed in Western Europe, 1984-88 1/--Continued

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Total use	Amount crushed	Food use	Feed, seed & waste	Ending stocks
	1,000 hectares	Tons per hectare	1,000 tons								
Portugal											
1984	--	--	--	--	--	--	--	--	--	--	--
1985	--	--	--	--	--	--	--	--	--	--	--
1986	--	--	--	--	--	--	--	--	--	--	--
1987	--	--	--	--	--	--	--	--	--	--	--
1988	--	--	--	--	--	--	--	--	--	--	--
Spain											
1984	10	1.10	11	--	4	--	15	9	--	6	--
1985	9	1.11	10	--	--	--	10	8	--	2	--
1986	9	1.11	10	--	--	--	10	8	--	2	--
1987	8	1.25	10	--	1	--	11	9	--	2	--
1988	8	1.25	10	--	2	--	12	10	--	2	--
Total EC-12											
1984	1,178	2.92	3,439	118	1,657	1,433	3,631	3,542	--	89	150
1985	1,271	2.87	3,651	150	1,977	1,652	4,004	3,878	4	122	122
1986	1,267	2.91	3,689	122	2,430	1,792	4,257	4,110	2	145	192
1987	1,861	3.20	5,952	192	2,289	2,246	5,847	5,533	1	313	340
1988	1,847	2.81	5,191	340	2,062	1,856	5,521	5,254	--	267	216
Other Western Europe											
Austria											
1984	6	2.83	17	--	--	9	4	--	--	4	4
1985	6	3.00	18	4	--	20	--	--	--	--	2
1986	10	2.70	27	2	--	29	--	--	--	--	--
1987	23	2.83	65	--	--	63	2	2	--	--	--
1988	32	2.72	87	--	--	77	10	10	--	--	--
Finland											
1984	58	1.43	83	5	--	--	88	88	--	--	--
1985	58	1.62	94	--	--	--	94	94	--	--	--
1986	75	1.85	139	--	--	--	124	124	--	--	15
1987	81	1.11	90	15	--	--	104	104	--	--	1
1988	86	1.44	124	1	--	--	123	123	--	--	2
Norway											
1984	11	1.73	19	6	4	--	19	--	--	19	10
1985	7	1.57	11	10	16	--	23	--	--	23	14
1986	6	1.83	11	14	6	--	17	--	--	17	14
1987	7	1.71	12	14	6	--	18	--	--	18	14
1988	7	1.71	12	14	6	--	18	--	--	18	14
Sweden											
1984	164	1.99	327	19	2	86	243	227	--	16	19
1985	168	1.90	320	19	--	86	231	225	--	6	22
1986	171	1.88	321	22	--	59	270	262	--	8	14
1987	164	1.52	250	14	14	5	270	251	--	19	3
1988	146	1.70	248	3	12	5	256	248	--	8	2
Switzerland											
1984	14	3.07	43	--	--	--	43	42	--	1	--
1985	16	2.44	39	--	--	--	39	38	--	1	--
1986	17	2.88	49	--	--	--	49	48	--	1	--
1987	17	2.65	45	--	--	--	45	44	--	1	--
1988	17	2.59	44	--	--	--	44	43	--	1	--
Total Other Western Europe											
1984	253	1.93	489	30	6	95	397	357	--	40	33
1985	255	1.89	482	33	16	106	387	357	--	30	38
1986	279	1.96	547	38	6	88	460	434	--	26	43
1987	292	1.58	462	43	20	68	439	401	--	38	18
1988	288	1.79	515	18	18	82	451	424	--	27	18
Total Western Europe											
1984	1,431	2.74	3,928	148	1,663	1,528	4,028	3,899	--	129	183
1985	1,526	2.71	4,133	183	1,993	1,758	4,391	4,235	4	152	160
1986	1,546	2.74	4,236	160	2,436	1,880	4,717	4,544	2	171	235
1987	2,153	2.98	6,414	235	2,309	2,314	6,286	5,934	1	351	358
1988	2,135	2.67	5,706	358	2,080	1,938	5,972	5,678	--	294	234

'--' indicates none or negligible.  
1/ Data for 1988 are preliminary.

Source: USDA, Foreign Agricultural Service.

Appendix table 15--Supply and use of sunflowerseed in Western Europe, 1984-88 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Total use	Amount crushed	Food use	Feed, seed & waste	Ending stocks
	1,000 hectares	Tons per hectare	1,000 tons				1,000 tons				
European Community											
Belgium-Luxembourg											
1984	--	--	--	1	118	--	110	110	--	--	9
1985	--	--	--	9	172	1	168	168	--	--	12
1986	--	--	--	12	259	1	212	212	--	--	58
1987	--	--	--	58	242	1	264	261	--	3	35
1988	--	--	--	35	365	2	358	350	--	8	40
Denmark											
1984	--	--	--	--	3	--	3	--	3	--	--
1985	--	--	--	--	1	--	1	--	1	--	--
1986	--	--	--	--	1	--	1	--	1	--	--
1987	--	--	--	--	1	--	1	--	1	--	--
1988	--	--	--	--	1	--	1	--	1	--	--
France											
1984	476	2.01	958	1	18	599	361	350	--	11	17
1985	591	2.50	1,477	17	16	843	644	593	--	51	23
1986	849	2.24	1,902	23	32	1,128	792	778	--	14	37
1987	965	2.60	2,508	37	16	1,506	935	920	--	15	120
1988	912	2.47	2,250	120	30	1,360	1,000	980	--	20	40
Germany, Fed. Rep.											
1984	--	--	--	1	494	5	480	438	5	37	10
1985	--	--	--	10	408	3	401	354	6	41	14
1986	2	2.00	4	14	386	2	391	342	14	35	11
1987	8	3.00	24	11	577	3	599	554	15	30	10
1988	20	3.00	60	10	570	5	625	580	16	29	10
Greece											
1984	42	1.60	67	--	3	5	65	65	--	--	--
1985	80	2.04	163	--	5	117	51	46	5	--	--
1986	79	2.08	164	--	5	100	49	46	3	--	20
1987	90	1.50	135	20	15	40	93	90	3	--	37
1988	42	2.02	85	37	20	30	84	80	4	--	28
Ireland											
1984	--	--	--	--	--	--	--	--	--	--	--
1985	--	--	--	--	--	--	--	--	--	--	--
1986	--	--	--	--	--	--	--	--	--	--	--
1987	--	--	--	--	--	--	--	--	--	--	--
1988	--	--	--	--	--	--	--	--	--	--	--
Italy											
1984	83	1.76	146	--	67	--	213	211	2	--	--
1985	94	1.72	162	--	71	--	233	231	2	--	--
1986	104	2.45	255	--	47	--	292	289	3	--	10
1987	109	2.13	232	10	60	--	302	298	4	--	--
1988	130	2.31	300	--	10	--	310	305	5	--	--
Netherlands											
1984	--	--	--	5	367	4	356	346	5	5	12
1985	--	--	--	12	385	4	370	365	5	--	23
1986	--	--	--	23	366	4	373	373	--	--	12
1987	--	--	--	12	402	5	399	398	1	--	10
1988	--	--	--	10	435	5	430	425	1	4	10
United Kingdom											
1984	--	--	--	7	69	--	66	66	--	--	10
1985	--	--	--	10	79	--	79	79	--	--	10
1986	--	--	--	10	111	--	103	103	--	--	18
1987	--	--	--	18	89	--	87	87	--	--	20
1988	--	--	--	20	90	--	90	90	--	--	20
Total EC-10											
1984	601	1.95	1,171	15	1,139	613	1,654	1,586	15	53	58
1985	765	2.36	1,802	58	1,137	968	1,947	1,836	19	92	82
1986	1,034	2.25	2,325	82	1,207	1,235	2,213	2,143	21	49	166
1987	1,172	2.47	2,899	166	1,402	1,555	2,680	2,608	24	48	232
1988	1,104	2.44	2,695	232	1,521	1,402	2,898	2,810	27	61	148

See footnotes at end of table.

Continued--

Appendix table 15--Supply and use of sunflowerseed in Western Europe, 1984-88 1/--Continued

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Total use	Amount crushed	Food use	Feed, seed & waste	Ending stocks
	1,000 hectares	Tons per hectare					1,000 tons				
Portugal											
1984	38	0.74	28	15	194	--	222	222	--	--	15
1985	40	0.72	29	15	137	--	175	175	--	--	6
1986	44	0.75	33	6	226	--	250	250	--	--	15
1987	43	0.65	28	15	191	--	226	226	--	--	8
1988	49	1.18	58	8	169	--	228	228	--	--	7
Spain											
1984	1,007	1.09	1,100	--	3	2	1,101	1,069	21	11	--
1985	1,215	0.81	990	--	4	1	993	958	25	10	--
1986	1,070	0.86	920	--	8	2	926	892	24	10	--
1987	994	1.01	1,006	--	16	64	958	920	30	8	--
1988	921	1.22	1,123	--	35	30	1,128	1,087	32	9	--
Total EC-12											
1984	1,646	1.40	2,299	30	1,336	615	2,977	2,877	36	64	73
1985	2,020	1.40	2,821	73	1,278	969	3,115	2,969	44	102	88
1986	2,148	1.53	3,278	88	1,441	1,237	3,389	3,285	45	59	181
1987	2,209	1.78	3,933	181	1,609	1,619	3,864	3,754	54	56	240
1988	2,074	1.87	3,876	240	1,725	1,432	4,254	4,125	59	70	155
Other Western Europe											
Austria											
1984	--	--	--	--	7	--	7	--	--	7	--
1985	1	1.00	1	--	11	--	12	--	--	12	--
1986	1	1.00	1	--	8	1	8	--	--	8	--
1987	11	3.18	35	--	7	34	8	--	--	8	--
1988	21	2.67	56	--	2	40	18	10	--	8	--
Finland											
1984	--	--	--	--	7	--	7	6	--	1	--
1985	--	--	--	--	3	--	3	2	--	1	--
1986	--	--	--	--	3	--	3	2	--	1	--
1987	--	--	--	--	3	--	3	2	--	1	--
1988	--	--	--	--	3	--	3	2	--	1	--
Norway											
1984	--	--	--	--	--	--	--	--	--	--	--
1985	--	--	--	--	--	--	--	--	--	--	--
1986	--	--	--	--	--	--	--	--	--	--	--
1987	--	--	--	--	--	--	--	--	--	--	--
1988	--	--	--	--	--	--	--	--	--	--	--
Sweden											
1984	--	--	--	--	6	--	--	--	6	--	--
1985	--	--	--	--	6	--	--	--	6	--	--
1986	--	--	--	--	6	--	--	--	6	--	--
1987	--	--	--	--	6	--	--	--	6	--	--
1988	--	--	--	--	6	--	--	--	6	--	--
Switzerland											
1984	--	--	--	--	13	--	13	13	--	--	--
1985	--	--	--	--	12	--	12	12	--	--	--
1986	--	--	--	--	12	--	12	12	--	--	--
1987	--	--	--	--	12	--	12	12	--	--	--
1988	--	--	--	--	12	--	12	12	--	--	--
Total Other Western Europe											
1984	--	--	--	--	33	--	33	19	6	8	--
1985	1	1.00	1	--	32	--	33	14	6	13	--
1986	1	1.00	1	--	29	1	29	14	6	9	--
1987	11	3.18	35	--	28	34	29	14	6	9	--
1988	21	2.67	56	--	23	40	39	24	6	9	--
Total Western Europe											
1984	1,646	1.40	2,299	30	1,369	615	3,010	2,896	42	72	73
1985	2,021	1.40	2,822	73	1,310	969	3,148	2,983	50	115	88
1986	2,149	1.53	3,279	88	1,470	1,238	3,418	3,299	51	68	181
1987	2,220	1.79	3,968	181	1,637	1,653	3,893	3,768	60	65	240
1988	2,095	1.88	3,932	240	1,748	1,472	4,293	4,149	65	79	155

'--' indicates none or negligible.

1/ Data for 1988 are preliminary.

Source: USDA, Foreign Agricultural Service.

Appendix table 16--Supply and use of soybeans in Western Europe, 1984-88 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Total use	Amount crushed	Food use	Feed, seed & waste	Ending stocks
	1,000 hectares	Tons per hectare	1,000 tons								
European Community											
Belgium-Luxembourg											
1984	--	--	--	113	1,312	1	1,321	1,321	--	--	103
1985	--	--	--	103	1,350	10	1,341	1,336	--	5	102
1986	--	--	--	102	1,484	49	1,438	1,338	--	100	99
1987	--	--	--	99	1,347	48	1,296	1,246	--	50	102
1988	--	--	--	102	1,038	25	1,040	1,020	--	20	75
Denmark											
1984	--	--	--	14	99	--	103	99	--	4	10
1985	--	--	--	10	66	--	61	57	--	4	15
1986	--	--	--	15	75	--	75	65	--	10	15
1987	--	--	--	15	67	1	66	60	--	6	15
1988	--	--	--	15	60	--	60	52	--	8	15
France											
1984	22	1.41	31	38	576	3	609	586	4	19	33
1985	28	1.64	46	33	572	1	610	536	5	69	40
1986	48	1.77	85	40	607	4	680	594	7	79	48
1987	79	2.35	186	48	490	34	662	423	10	229	28
1988	92	2.61	240	28	270	35	475	200	12	263	28
Germany, Fed. Rep.											
1984	--	--	--	5	2,880	10	2,775	2,658	23	94	100
1985	--	--	--	100	2,930	9	2,991	2,895	25	71	30
1986	--	--	--	30	3,331	7	3,279	3,170	25	84	75
1987	--	--	--	75	2,924	4	2,920	2,838	30	52	75
1988	--	--	--	75	2,285	5	2,300	2,200	30	70	55
Greece											
1984	--	--	--	16	247	--	240	240	--	--	23
1985	--	--	--	23	295	--	295	295	--	--	23
1986	1	3.00	3	23	300	--	290	290	--	--	36
1987	2	3.50	7	36	320	--	300	300	--	--	63
1988	8	3.50	28	63	265	--	320	320	--	--	36
Ireland											
1984	--	--	--	--	5	1	4	--	--	4	--
1985	--	--	--	--	4	1	3	--	--	3	--
1986	--	--	--	--	4	3	1	--	--	1	--
1987	--	--	--	--	5	1	4	--	--	4	--
1988	--	--	--	--	5	1	4	--	--	4	--
Italy											
1984	36	3.06	110	44	1,500	1	1,570	1,550	--	20	83
1985	94	3.04	286	83	1,624	--	1,846	1,746	--	100	147
1986	232	3.47	806	147	1,124	7	1,930	1,780	--	150	140
1987	481	3.30	1,588	140	400	5	1,998	1,798	--	200	125
1988	400	3.20	1,280	125	650	0	1,955	1,750	--	205	100
Netherlands											
1984	--	--	--	112	2,831	75	2,695	2,602	--	93	173
1985	--	--	--	173	2,701	107	2,681	2,474	5	202	86
1986	--	--	--	86	3,243	161	3,108	2,737	5	366	60
1987	--	--	--	60	3,789	232	3,430	2,906	9	515	187
1988	--	--	--	187	3,513	200	3,400	2,900	10	490	100
United Kingdom											
1984	--	--	--	12	488	--	495	396	--	99	5
1985	--	--	--	5	627	--	591	391	--	200	41
1986	--	--	--	41	565	1	540	300	--	240	65
1987	--	--	--	65	769	1	733	483	--	250	100
1988	--	--	--	100	600	--	640	450	--	190	60
Total EC-10											
1984	58	2.43	141	354	9,938	91	9,812	9,452	27	333	530
1985	122	2.72	332	530	10,169	128	10,419	9,730	35	654	484
1986	281	3.18	894	484	10,733	232	11,341	10,274	37	1,030	538
1987	562	3.17	1,781	538	10,111	326	11,409	10,054	49	1,306	695
1988	500	3.10	1,548	695	8,686	266	10,194	8,892	52	1,250	469

See footnotes at end of table.

Continued--

Appendix table 16--Supply and use of soybeans in Western Europe, 1984-88 1/--Continued

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Total use	Amount crushed	Food use	Feed, seed & waste	Ending stocks
	1,000 hectares	Tons per hectare					1,000 tons				
Portugal											
1984	--	--	--	33	1,013	--	954	934	--	20	92
1985	--	--	--	92	917	--	983	942	--	41	26
1986	--	--	--	26	961	--	954	854	--	100	33
1987	--	--	--	33	836	--	850	690	--	160	19
1988	--	--	--	19	841	--	840	660	--	180	20
Spain											
1984	2	2.00	4	15	1,939	--	1,947	1,939	6	2	11
1985	2	2.50	5	11	2,132	--	2,140	2,132	6	2	8
1986	1	2.00	2	8	2,728	--	2,668	2,362	6	300	70
1987	2	2.00	4	70	2,372	--	2,386	2,100	6	280	60
1988	7	1.86	13	60	1,800	--	1,825	1,600	5	220	48
Total EC-12											
1984	60	2.42	145	402	12,890	91	12,713	12,325	33	355	633
1985	124	2.72	337	633	13,218	128	13,542	12,804	41	697	518
1986	282	3.18	896	518	14,422	232	14,963	13,490	43	1,430	641
1987	564	3.16	1,785	641	13,319	326	14,645	12,844	55	1,746	774
1988	507	3.08	1,561	774	11,327	266	12,859	11,152	57	1,650	537
Other Western Europe											
Austria											
1984	--	--	--	--	1	--	1	--	1	--	--
1985	--	--	--	--	2	--	2	--	--	--	--
1986	--	--	--	--	3	--	3	--	3	--	--
1987	--	--	--	--	6	--	6	--	3	3	--
1988	6	2.00	12	--	3	--	15	--	4	11	--
Finland											
1984	--	--	--	5	123	--	118	118	--	--	10
1985	--	--	--	10	144	--	149	149	--	--	5
1986	--	--	--	5	151	--	134	134	--	--	22
1987	--	--	--	22	198	--	200	200	--	--	20
1988	--	--	--	20	120	--	126	126	--	--	14
Norway											
1984	--	--	--	46	290	--	294	289	--	5	42
1985	--	--	--	42	276	--	297	290	--	7	21
1986	--	--	--	21	300	--	298	290	--	8	23
1987	--	--	--	23	290	--	295	290	--	5	18
1988	--	--	--	18	290	--	295	290	--	5	13
Sweden											
1984	--	--	--	--	2	--	2	--	2	--	--
1985	--	--	--	--	3	--	3	--	3	--	--
1986	--	--	--	--	3	--	3	--	--	3	--
1987	--	--	--	--	5	--	5	--	1	4	--
1988	--	--	--	--	5	--	5	--	1	4	--
Switzerland											
1984	--	--	--	--	93	1	92	89	1	2	--
1985	--	--	--	--	78	--	78	74	1	3	--
1986	--	--	--	--	87	--	87	84	1	2	--
1987	2	0.50	1	--	70	--	71	68	1	2	--
1988	1	2.00	2	--	76	--	78	74	1	3	--
Total Other Western Europe											
1984	--	--	--	51	509	1	507	496	4	7	52
1985	--	--	--	52	503	--	529	513	6	10	26
1986	--	--	--	26	544	--	525	508	4	13	45
1987	2	0.50	1	45	569	--	577	558	5	14	38
1988	7	2.00	14	38	494	--	519	490	6	23	27
Total Western Europe											
1984	60	2.42	145	453	13,399	92	13,220	12,821	37	362	685
1985	124	2.72	337	685	13,721	128	14,071	13,317	47	707	544
1986	282	3.18	896	544	14,966	232	15,488	13,998	47	1,443	686
1987	566	3.16	1,786	686	13,888	326	15,222	13,402	60	1,760	812
1988	514	3.06	1,575	812	11,821	266	13,378	11,642	63	1,673	564

/-- indicates none or negligible.

1/ Data for 1988 are preliminary.

Source: USDA, Foreign Agricultural Service.

Appendix table 17--Supply and use of total oilseeds in Western Europe, 1984-88 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Total use	Amount crushed	Food use	Feed, seed & waste	Ending stocks
	1,000 hectares	Tons per hectare	----- 1,000 tons -----								
European Community											
Belgium-Luxembourg											
1984	15	1.27	19	124	1,853	29	1,822	1,811	4	7	145
1985	13	1.08	14	145	1,921	35	1,924	1,906	4	14	121
1986	11	1.27	14	121	2,368	78	2,223	2,086	3	134	202
1987	15	1.53	23	202	2,239	77	2,179	2,089	3	87	208
1988	16	1.44	23	208	1,959	50	1,947	1,888	4	55	193
Denmark											
1984	191	2.48	474	14	112	392	198	190	3	5	10
1985	217	2.51	544	10	75	400	214	209	1	4	15
1986	227	2.72	618	15	93	416	295	246	1	48	15
1987	250	2.22	556	15	84	259	381	271	1	109	15
1988	199	2.65	528	15	76	253	351	302	1	48	15
France											
1984	975	2.38	2,322	89	789	1,254	1,895	1,815	29	51	51
1985	1,133	2.56	2,897	51	742	1,566	2,039	1,842	45	152	85
1986	1,326	2.32	3,082	85	730	1,710	2,091	1,922	50	119	96
1987	1,830	2.93	5,365	96	576	3,095	2,720	2,390	48	282	222
1988	1,923	2.52	4,838	222	362	2,679	2,670	2,293	52	325	73
Germany, Fed. Rep.											
1984	254	2.61	662	17	4,676	135	5,078	4,809	114	155	142
1985	266	3.02	803	142	5,035	135	5,741	5,472	136	133	104
1986	310	3.14	973	104	5,426	329	6,020	5,728	144	148	154
1987	436	2.96	1,289	154	5,143	232	6,206	5,923	152	131	148
1988	405	3.15	1,276	148	4,216	219	5,293	4,985	157	151	128
Greece											
1984	234	1.32	310	28	280	5	584	565	--	19	29
1985	283	1.56	441	29	325	117	649	621	5	23	29
1986	285	1.73	494	29	325	100	663	635	3	25	85
1987	294	1.58	407	85	355	40	692	669	3	20	115
1988	290	1.33	445	115	305	30	741	697	4	40	94
Ireland											
1984	4	2.25	9	--	5	6	8	4	--	4	--
1985	4	2.25	9	--	4	6	7	4	--	3	--
1986	4	2.25	9	--	6	13	2	1	--	1	--
1987	4	2.25	9	--	7	9	7	3	--	4	--
1988	4	2.25	9	--	8	9	8	4	--	4	--
Italy											
1984	126	2.10	264	44	1,635	1	1,859	1,812	27	20	83
1985	199	2.33	464	83	1,746	--	2,146	2,017	29	100	147
1986	364	3.04	1,108	147	1,234	7	2,332	2,155	27	150	150
1987	622	3.04	1,890	150	522	5	2,432	2,204	28	200	125
1988	564	2.93	1,652	125	725	--	2,402	2,167	30	205	100
Netherlands											
1984	17	2.47	42	161	3,587	120	3,406	3,172	110	124	264
1985	14	2.50	35	264	3,541	158	3,523	3,129	129	265	159
1986	9	2.78	25	159	4,268	250	4,033	3,427	141	465	169
1987	14	2.57	36	169	4,784	331	4,433	3,632	96	705	225
1988	11	2.55	28	225	4,597	290	4,420	3,650	106	664	140
United Kingdom											
1984	269	3.44	925	44	843	278	1,483	1,197	129	157	51
1985	305	2.96	902	51	1,144	422	1,575	1,180	135	260	100
1986	310	3.06	948	100	1,200	455	1,690	1,273	160	257	103
1987	396	3.44	1,363	103	1,187	200	2,191	1,768	158	265	262
1988	354	2.90	1,026	262	1,021	107	2,048	1,683	160	205	154
Total EC-10											
1984	2,085	2.41	5,027	521	13,780	2,220	16,333	15,375	416	542	775
1985	2,434	2.51	6,109	775	14,533	2,839	17,818	16,380	484	954	760
1986	2,846	2.55	7,271	760	15,650	3,358	19,349	17,473	529	1,347	974
1987	3,861	2.83	10,938	974	14,897	4,248	21,241	18,949	489	1,803	1,320
1988	3,766	2.61	9,825	1,320	13,269	3,637	19,880	17,669	514	1,697	897

See footnotes at end of table.

Continued--

Appendix table 17--Supply and use of total oilseeds in Western Europe, 1984-88 1/--Continued

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Total use	Amount crushed	Food use	Feed, seed & waste	Ending stocks
	1,000 hectares	Tons per hectare					1,000 tons				
Portugal											
1984	38	0.74	28	48	1,253	--	1,221	1,200	1	20	108
1985	40	0.72	29	108	1,095	--	1,200	1,158	1	41	32
1986	44	0.75	33	32	1,229	--	1,246	1,142	4	100	48
1987	43	0.65	28	48	1,092	3	1,138	973	5	160	27
1988	49	1.18	58	27	1,076	3	1,131	946	5	180	27
Spain											
1984	1,081	1.14	1,228	15	1,976	2	3,206	3,106	57	43	11
1985	1,292	0.86	1,117	11	2,170	1	3,289	3,188	64	37	8
1986	1,159	0.92	1,066	8	2,770	2	3,772	3,369	63	340	70
1987	1,085	1.06	1,151	70	2,427	64	3,524	3,144	74	306	60
1988	1,072	1.24	1,325	60	1,877	30	3,184	2,855	76	253	48
Total EC-12											
1984	3,204	1.96	6,283	584	17,009	2,222	20,760	19,681	474	605	894
1985	3,766	1.93	7,255	894	17,798	2,840	22,307	20,726	549	1,032	800
1986	4,049	2.07	8,370	800	19,649	3,360	24,367	21,984	596	1,787	1,092
1987	4,989	2.43	12,117	1,092	18,416	4,315	25,903	23,066	568	2,269	1,407
1988	4,887	2.29	11,208	1,407	16,222	3,670	24,195	21,470	595	2,130	972
Other Western Europe											
Austria											
1984	6	2.83	17	--	12	9	16	--	3	13	4
1985	7	2.71	19	4	17	20	18	--	4	14	2
1986	11	2.55	28	2	17	30	17	--	7	10	--
1987	34	2.94	100	--	20	97	23	2	8	13	--
1988	59	2.63	155	--	12	117	50	20	9	21	--
Finland											
1984	58	1.43	83	10	130	--	213	212	--	1	10
1985	58	1.62	94	10	147	--	246	245	--	1	5
1986	75	1.85	139	5	154	--	261	260	--	1	37
1987	81	1.11	90	37	201	--	307	306	--	1	21
1988	86	1.44	124	21	123	--	252	251	--	1	16
Norway											
1984	11	1.73	19	52	308	--	327	300	3	24	52
1985	7	1.57	11	52	305	--	333	300	3	30	35
1986	6	1.83	11	35	322	--	331	301	5	25	37
1987	7	1.71	12	37	311	--	328	300	5	23	32
1988	7	1.71	12	32	311	--	328	300	5	23	27
Sweden											
1984	164	1.99	327	19	36	86	277	249	12	16	19
1985	168	1.90	320	19	34	86	265	245	14	6	22
1986	171	1.88	321	22	29	59	299	277	11	11	14
1987	164	1.52	250	14	45	5	301	266	12	23	3
1988	146	1.70	248	3	43	5	287	263	12	12	2
Switzerland											
1984	14	3.07	43	--	147	1	189	181	5	3	--
1985	16	2.44	39	--	136	--	175	166	5	4	--
1986	17	2.88	49	--	151	--	200	192	5	3	--
1987	19	2.42	46	--	132	--	178	171	4	3	--
1988	18	2.56	46	--	143	--	189	180	5	4	--
Total Other Western Europe											
1984	253	1.93	489	81	633	96	1,022	942	23	57	85
1985	256	1.89	483	85	639	106	1,037	956	26	55	64
1986	280	1.96	548	64	673	89	1,108	1,030	28	50	88
1987	305	1.63	498	88	709	102	1,137	1,045	29	63	56
1988	316	1.85	585	56	632	122	1,106	1,014	31	61	45
Total Western Europe											
1984	3,457	1.96	6,772	665	17,642	2,318	21,782	20,623	497	662	979
1985	4,022	1.92	7,738	979	18,437	2,946	23,344	21,682	575	1,087	864
1986	4,329	2.06	8,918	864	20,322	3,449	25,475	23,014	624	1,837	1,180
1987	5,294	2.38	12,615	1,180	19,125	4,417	27,040	24,111	597	2,332	1,463
1988	5,203	2.27	11,793	1,463	16,854	3,792	25,301	22,484	626	2,191	1,017

'--' indicates none or negligible.  
1/ Data for 1988 are preliminary.

Source: USDA, Foreign Agricultural Service.

Appendix Table 18--Supply and use of sugar in Western Europe, 1985-89 1/

Country and year	Production	Beginning stocks	Total imports	Total exports	Total consumption	Human consumption	Other uses	Ending stocks
European Community ----- 1,000 tons -----								
Belgium-Luxembourg								
1985	914	151	133	696	408	408	--	94
1986	1,026	94	116	702	442	442	--	92
1987	1,019	92	28	654	377	377	--	108
1988	1,005	108	89	387	728	728	--	87
1989	1,000	87	79	400	686	686	--	80
Denmark								
1985	595	48	1	291	252	215	37	101
1986	576	101	1	324	253	232	21	101
1987	542	101	1	296	237	--	237	111
1988	422	111	5	247	250	--	250	41
1989	550	41	1	275	245	--	245	72
France								
1985	4,301	664	301	2,408	1,851	1,851	--	1,007
1986	4,297	1,007	350	2,622	1,990	1,990	--	1,042
1987	3,707	1,042	367	1,917	2,165	2,125	40	1,034
1988	3,966	1,034	361	2,535	2,117	2,067	50	709
1989	4,397	709	372	2,763	2,099	2,049	50	616
Germany, Fed. Rep.								
1985	3,146	407	195	886	2,296	2,285	11	566
1986	3,430	566	180	1,242	2,242	2,231	11	692
1987	3,469	692	161	1,403	2,212	2,208	4	707
1988	2,968	707	194	1,123	2,273	2,273	--	473
1989	3,120	473	170	1,000	2,250	2,250	--	513
Greece								
1985	237	57	82	--	342	--	342	34
1986	368	34	--	27	348	--	348	27
1987	312	27	55	--	348	348	--	46
1988	194	46	167	--	343	343	--	64
1989	230	64	76	--	343	343	--	27
Ireland								
1985	241	93	16	73	173	173	--	104
1986	189	104	12	61	165	165	--	79
1987	202	79	10	43	168	168	--	80
1988	242	80	20	83	160	160	--	99
1989	210	99	17	75	155	155	--	96
Italy								
1985	1,385	467	293	55	1,740	1,740	--	350
1986	1,352	350	340	6	1,780	1,780	--	256
1987	1,868	256	137	72	1,750	1,750	--	439
1988	1,869	439	162	241	1,750	1,750	--	479
1989	1,609	479	150	151	1,750	1,750	--	337
Netherlands								
1985	1,015	92	189	246	901	901	--	149
1986	975	149	178	137	895	895	--	270
1987	1,324	270	213	666	908	908	--	233
1988	1,065	233	59	365	769	769	--	223
1989	1,075	223	34	393	771	771	--	168
United Kingdom								
1985	1,430	159	1,300	325	2,440	2,440	--	124
1986	1,315	124	1,484	275	2,228	2,228	--	420
1987	1,433	420	1,235	366	2,324	2,324	--	398
1988	1,335	398	1,323	340	2,378	2,378	--	338
1989	1,465	338	1,250	360	2,400	2,400	--	293
Total EC-10								
1985	13,264	2,138	2,510	4,980	10,403	10,013	390	2,529
1986	13,528	2,529	2,661	5,396	10,343	9,963	380	2,979
1987	13,876	2,979	2,207	5,417	10,489	10,208	281	3,156
1988	13,066	3,156	2,380	5,321	10,768	10,468	300	2,513
1989	13,656	2,513	2,149	5,417	10,699	10,404	295	2,202

See footnotes at end of table.

Continued--

Appendix Table 18--Supply and use of sugar in Western Europe, 1985-89 1/--Continued

Country and year	Production	Beginning stocks	Total imports	Total exports	Total consumption	Human consumption	Other uses	Ending stocks
----- 1,000 tons -----								
Portugal								
1985	7	117	364	9	280	280	--	199
1986	3	199	229	19	287	287	--	125
1987	4	125	235	13	291	291	--	60
1988	2	60	276	6	312	312	--	20
1989	1	20	326	6	320	320	--	21
Spain								
1985	1,168	535	51	--	1,100	1,100	--	654
1986	981	654	59	135	1,149	1,149	--	410
1987	1,109	410	118	252	1,145	1,145	--	240
1988	1,092	240	139	130	1,150	1,150	--	191
1989	1,260	191	130	150	1,155	1,155	--	276
Total EC-12								
1985	14,439	2,790	2,925	4,989	11,783	11,393	390	3,382
1986	14,512	3,382	2,949	5,550	11,779	11,399	380	3,514
1987	14,989	3,514	2,560	5,682	11,925	11,644	281	3,456
1988	14,160	3,456	2,795	5,457	12,230	11,930	300	2,724
1989	14,917	2,724	2,605	5,573	12,174	11,879	295	2,499
Other Western Europe								
Austria								
1985	464	104	--	41	348	339	9	179
1986	468	179	--	88	358	349	9	201
1987	308	201	--	36	361	350	11	112
1988	390	112	--	58	367	356	11	77
1989	358	77	--	54	353	342	11	28
Finland								
1985	127	112	58	9	188	187	1	100
1986	103	100	73	7	199	198	1	70
1987	134	70	97	14	207	206	1	80
1988	70	80	115	13	216	215	1	36
1989	146	36	80	7	211	210	1	44
Norway								
1985	--	15	170	--	170	--	170	15
1986	--	15	166	--	166	--	166	15
1987	--	15	169	--	170	--	170	14
1988	--	14	170	--	170	--	170	14
1989	--	14	175	--	170	--	170	19
Sweden								
1985	373	51	51	5	359	359	--	111
1986	329	111	44	21	360	360	--	103
1987	368	103	46	38	354	354	--	125
1988	264	125	92	44	362	362	--	75
1989	375	75	30	43	355	355	--	82
Switzerland								
1985	131	223	170	33	262	259	3	229
1986	139	229	175	32	265	262	3	246
1987	129	246	161	1	298	295	3	237
1988	123	237	136	--	291	288	3	205
1989	150	205	125	1	289	286	3	190
Total Other Western Europe								
1985	1,095	517	477	88	1,354	1,144	210	647
1986	1,039	647	483	148	1,375	1,169	206	646
1987	939	646	500	89	1,418	1,205	213	578
1988	847	578	541	115	1,434	1,221	213	417
1989	1,029	417	439	105	1,407	1,193	214	373
Total Western Europe								
1985	15,534	3,307	3,402	5,077	13,137	12,537	600	4,029
1986	15,551	4,029	3,432	5,698	13,154	12,568	586	4,160
1987	15,928	4,160	3,060	5,771	13,343	12,849	494	4,034
1988	15,007	4,034	3,336	5,572	13,664	13,151	513	3,141
1989	15,946	3,141	3,044	5,678	13,581	13,072	509	2,872

/--/ indicates none or negligible.

1/ Data for 1988 are preliminary; 1989 values are June 1989 forecast.

Source: USDA, Foreign Agricultural Service.

Appendix table 19--Supply and use of beef and veal in Western Europe, 1985-89 1/

Country and year	Slaughter	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
European Community	1,000 head			1,000 tons			
Belgium-Luxembourg							
1985	1,066	332	7	33	85	278	9
1986	1,037	331	9	31	98	260	13
1987	1,040	330	13	31	100	267	7
1988	1,018	326	7	31	94	267	3
1989	1,020	327	3	31	94	263	4
Denmark							
1985	1,013	235	51	12	165	71	62
1986	1,013	243	62	18	189	86	48
1987	963	235	48	24	175	81	51
1988	894	220	51	28	165	81	53
1989	825	205	53	32	170	81	39
France							
1985	7,664	1,845	223	320	430	1,702	256
1986	7,667	1,862	256	323	565	1,709	167
1987	7,774	1,912	167	306	470	1,722	193
1988	7,207	1,791	193	285	420	1,640	209
1989	7,035	1,762	209	265	408	1,615	213
Germany, Fed. Rep.							
1985	5,684	1,576	175	301	436	1,411	205
1986	5,936	1,696	205	300	579	1,433	189
1987	5,903	1,680	189	312	466	1,447	268
1988	5,575	1,610	268	300	450	1,448	280
1989	5,525	1,594	280	276	520	1,428	202
Greece							
1985	457	82	--	138	--	220	--
1986	400	79	--	141	--	220	--
1987	431	86	--	171	--	255	2
1988	419	84	2	170	--	256	--
1989	410	85	--	175	--	257	3
Ireland							
1985	1,518	449	174	10	308	88	237
1986	1,717	511	237	7	411	88	256
1987	1,624	474	256	13	380	81	282
1988	1,565	455	282	13	399	80	271
1989	1,540	448	271	13	401	80	251
Italy							
1985	5,192	1,205	230	493	120	1,578	230
1986	5,100	1,180	230	478	138	1,657	93
1987	4,870	1,170	93	468	111	1,555	65
1988	4,860	1,160	65	475	105	1,550	45
1989	4,850	1,155	45	480	105	1,550	25
Netherlands							
1985	2,497	494	26	75	315	255	25
1986	2,513	546	25	69	351	254	35
1987	2,450	535	35	69	320	278	41
1988	2,400	525	41	70	310	275	51
1989	2,300	503	51	70	304	280	40
United Kingdom							
1985	4,184	1,126	55	298	185	1,173	121
1986	3,845	1,028	121	367	188	1,232	96
1987	4,071	1,088	96	375	192	1,283	84
1988	3,585	940	84	400	150	1,214	60
1989	3,480	915	60	400	140	1,185	50
Total EC-10							
1985	29,275	7,344	941	1,680	2,044	6,776	1,145
1986	29,228	7,476	1,145	1,734	2,519	6,939	897
1987	29,126	7,510	897	1,769	2,214	6,969	993
1988	27,523	7,111	993	1,772	2,093	6,811	972
1989	26,985	6,994	972	1,742	2,142	6,739	827

See footnotes at end of table.

Continued --

Appendix table 19--Supply and use of beef and veal in Western Europe, 1985-89 1/--Continued

Country and year	Slaughter	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
	1,000 -- head --			1,000 tons			
Portugal							
1985	468	100	10	12	--	108	14
1986	540	116	14	16	--	126	20
1987	463	105	20	23	--	130	18
1988	510	110	18	20	--	136	12
1989	500	110	12	23	--	140	5
Spain							
1985	1,815	401	12	27	1	431	8
1986	1,922	440	8	23	--	451	20
1987	1,982	449	20	34	10	473	20
1988	1,988	450	20	33	11	475	17
1989	1,980	449	17	34	11	476	13
Total EC-12							
1985	31,558	7,845	963	1,719	2,045	7,315	1,167
1986	31,690	8,032	1,167	1,773	2,519	7,516	937
1987	31,571	8,064	937	1,826	2,224	7,572	1,031
1988	30,021	7,671	1,031	1,825	2,104	7,422	1,001
1989	29,465	7,553	1,001	1,799	2,153	7,355	845
Other Western Europe							
Austria							
1985	851	223	1	2	56	168	2
1986	869	232	2	1	63	168	4
1987	866	230	4	2	63	170	3
1988	836	222	3	2	55	170	2
1989	815	216	2	3	50	170	1
Finland							
1985	628	125	7	--	22	103	7
1986	619	124	7	--	22	102	7
1987	615	123	7	--	22	103	5
1988	571	116	5	--	12	104	5
1989	519	108	5	--	4	104	5
Norway							
1985	--	--	--	--	--	--	--
1986	--	--	--	--	--	--	--
1987	--	--	--	--	--	--	--
1988	--	--	--	--	--	--	--
1989	--	--	--	--	--	--	--
Sweden							
1985	734	157	17	7	34	135	12
1986	696	147	12	8	23	139	5
1987	596	135	5	15	6	145	4
1988	561	129	4	19	4	146	2
1989	586	135	2	13	4	144	2
Switzerland							
1985	845	171	8	10	2	183	4
1986	843	170	4	11	4	177	4
1987	866	173	4	14	6	185	--
1988	850	170	--	15	1	183	1
1989	845	165	1	15	1	179	1
Total Other Western Europe							
1985	3,058	676	33	19	114	589	25
1986	3,027	673	25	20	112	586	20
1987	2,943	661	20	31	97	603	12
1988	2,818	637	12	36	72	603	10
1989	2,765	624	10	31	59	597	9
Total Western Europe							
1985	34,616	8,521	996	1,738	2,159	7,904	1,192
1986	34,717	8,705	1,192	1,793	2,631	8,102	957
1987	34,514	8,725	957	1,857	2,321	8,175	1,043
1988	32,839	8,308	1,043	1,861	2,176	8,025	1,011
1989	32,230	8,177	1,011	1,830	2,212	7,952	854

/--/ indicates none or negligible.

1/ Data for 1988 are preliminary; 1989 values are June 1989 forecasts.

Source: USDA, Foreign Agricultural Service.

Appendix table 20--Supply and use of pork in Western Europe, 1985-89 1/

Country and year	Slaughter	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
European Community	1,000 head			1,000 tons			
Belgium-Luxembourg							
1985	8,536	726	2	33	250	472	39
1986	8,725	745	39	32	292	517	7
1987	9,140	780	7	32	320	486	13
1988	9,090	785	13	31	321	500	8
1989	9,090	790	8	32	340	480	10
Denmark							
1985	15,220	1,083	--	--	793	290	--
1986	16,117	1,143	--	--	818	325	--
1987	16,080	1,149	--	2	811	340	--
1988	15,760	1,125	--	3	783	345	--
1989	16,080	1,150	--	4	804	350	--
France							
1985	20,336	1,607	11	373	69	1,921	1
1986	19,743	1,520	1	435	80	1,871	5
1987	19,960	1,536	5	430	129	1,837	5
1988	20,730	1,612	5	448	150	1,910	5
1989	20,330	1,565	5	515	160	1,920	5
Germany, Fed. Rep.							
1985	38,809	2,753	5	515	113	3,156	4
1986	39,443	2,832	4	511	130	3,209	8
1987	39,505	2,856	8	543	133	3,267	7
1988	38,700	2,800	7	600	125	3,276	6
1989	39,000	2,820	6	600	135	3,286	5
Greece							
1985	2,250	148	--	56	--	204	--
1986	2,312	150	--	62	--	212	--
1987	2,370	164	--	60	--	220	4
1988	2,381	165	4	52	--	220	1
1989	2,335	162	1	57	--	220	--
Ireland							
1985	2,119	136	--	16	38	114	--
1986	2,159	137	--	19	40	116	--
1987	2,176	140	--	19	40	119	--
1988	2,150	138	--	22	41	119	--
1989	2,070	133	--	25	39	119	--
Italy							
1985	11,229	1,067	100	436	56	1,450	97
1986	11,100	1,170	97	464	48	1,608	75
1987	11,200	1,190	75	463	57	1,626	45
1988	11,300	1,195	45	465	58	1,626	21
1989	11,350	1,210	21	468	59	1,630	10
Netherlands							
1985	16,600	1,340	6	40	837	539	10
1986	17,905	1,449	10	33	860	620	12
1987	18,800	1,524	12	37	939	630	4
1988	19,000	1,540	4	40	960	620	4
1989	18,700	1,515	4	35	940	610	4
United Kingdom							
1985	15,265	995	35	500	50	1,450	30
1986	15,606	1,022	30	515	58	1,474	35
1987	15,926	1,025	35	530	50	1,510	30
1988	16,100	1,037	30	535	55	1,517	30
1989	16,050	1,034	30	545	55	1,524	30
Total EC-10							
1985	130,364	9,855	159	1,969	2,206	9,596	181
1986	133,110	10,168	181	2,071	2,326	9,952	142
1987	135,157	10,364	142	2,116	2,479	10,035	108
1988	135,211	10,397	108	2,196	2,493	10,133	75
1989	135,005	10,379	75	2,281	2,532	10,139	64

See footnotes at end of table.

Continued--

Appendix table 20--Supply and use of pork in Western Europe, 1985-89 1/--Continued

Country and year	Slaughter	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
	1,000 head			1,000 tons			
Portugal							
1985	2,650	176	8	21	--	199	6
1986	3,280	225	6	15	--	230	16
1987	3,310	230	16	9	--	240	15
1988	3,128	223	15	14	--	243	9
1989	3,140	226	9	16	--	246	5
Spain							
1985	15,777	1,157	4	8	1	1,164	4
1986	15,845	1,166	4	62	1	1,231	--
1987	20,090	1,489	--	45	1	1,533	--
1988	20,100	1,510	--	40	2	1,538	10
1989	20,100	1,510	10	40	2	1,558	--
Total EC-12							
1985	148,791	11,188	171	1,998	2,207	10,959	191
1986	152,235	11,559	191	2,148	2,327	11,413	158
1987	158,557	12,083	158	2,170	2,480	11,808	123
1988	158,439	12,130	123	2,250	2,495	11,914	94
1989	158,245	12,115	94	2,337	2,534	11,943	69
Other Western Europe							
Austria							
1985	5,260	401	1	--	8	393	1
1986	5,141	389	1	--	1	389	--
1987	5,126	388	--	--	--	387	1
1988	5,187	392	1	--	4	386	3
1989	5,084	384	3	--	--	385	2
Finland							
1985	2,271	171	7	--	18	154	6
1986	2,260	173	6	--	10	160	9
1987	2,264	175	9	--	17	160	7
1988	2,216	171	7	--	8	163	7
1989	2,280	176	7	--	11	165	7
Norway							
1985	--	--	--	--	--	--	--
1986	--	--	--	--	--	--	--
1987	--	--	--	--	--	--	--
1988	--	--	--	--	--	--	--
1989	--	--	--	--	--	--	--
Sweden							
1985	4,273	332	5	6	76	263	4
1986	3,949	309	4	7	52	263	5
1987	3,629	289	5	13	36	266	5
1988	3,661	293	5	17	36	274	5
1989	3,762	301	5	13	39	275	5
Switzerland							
1985	3,428	285	--	5	2	288	--
1986	3,435	286	--	5	1	290	--
1987	3,386	278	--	6	--	283	1
1988	3,420	284	1	5	1	288	1
1989	3,450	287	1	3	1	288	2
Total Other Western Europe							
1985	15,232	1,189	13	11	104	1,098	11
1986	14,785	1,157	11	12	64	1,102	14
1987	14,405	1,130	14	19	53	1,096	14
1988	14,484	1,140	14	22	49	1,111	16
1989	14,576	1,148	16	16	51	1,113	16
Total Western Europe							
1985	164,023	12,377	184	2,009	2,311	12,057	202
1986	167,020	12,716	202	2,160	2,391	12,515	172
1987	172,962	13,213	172	2,189	2,533	12,904	137
1988	172,923	13,270	137	2,272	2,544	13,025	110
1989	172,821	13,263	110	2,353	2,585	13,056	85

/--/ indicates none or negligible.

1/ Data for 1988 are preliminary; 1989 values are June 1989 forecasts.

Source: USDA, Foreign Agricultural Service.

Appendix table 21--Supply and use of poultry in Western Europe, 1985-89 1/

Country and year	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
European Community						
	-----		1,000 tons	-----		
Belgium-Luxembourg						
1985	159	1	35	38	155	2
1986	169	2	36	42	163	2
1987	172	2	37	47	163	1
1988	179	1	41	52	168	1
1989	184	1	42	56	170	1
Denmark						
1985	115	9	3	63	56	8
1986	115	8	4	57	60	10
1987	113	10	4	59	60	8
1988	115	8	4	60	60	7
1989	118	7	4	61	61	7
France						
1985	1,272	105	30	324	996	87
1986	1,325	87	30	369	1,028	45
1987	1,393	45	38	367	1,049	60
1988	1,465	60	59	369	1,075	140
1989	1,440	140	40	380	1,095	145
Germany, Fed. Rep.						
1985	357	--	261	27	591	--
1986	376	--	266	27	615	--
1987	389	--	284	32	641	--
1988	395	--	289	30	654	--
1989	410	--	290	30	670	--
Greece						
1985	146	6	5	--	151	6
1986	146	6	5	--	154	3
1987	148	3	5	--	153	3
1988	150	3	5	--	154	4
1989	150	4	5	--	156	3
Ireland						
1985	54	--	8	3	59	--
1986	57	--	8	5	60	--
1987	58	--	8	5	61	--
1988	59	--	8	5	62	--
1989	60	--	8	5	63	--
Italy						
1985	929	--	35	10	954	--
1986	940	--	24	9	955	--
1987	982	--	25	19	988	--
1988	1,009	--	26	20	1,015	--
1989	1,015	--	30	21	1,024	--
Netherlands						
1985	425	19	34	277	182	19
1986	442	19	44	289	193	23
1987	471	23	52	308	215	23
1988	500	23	57	330	225	25
1989	520	25	55	340	230	30
United Kingdom						
1985	875	29	61	31	904	30
1986	922	30	88	32	981	27
1987	999	27	82	50	1,028	30
1988	1,079	30	86	61	1,104	30
1989	1,097	30	80	64	1,113	30
Total EC-10						
1985	4,332	169	472	773	4,048	152
1986	4,492	152	505	830	4,209	110
1987	4,725	110	535	887	4,358	125
1988	4,951	125	575	927	4,517	207
1989	4,994	207	554	957	4,582	216

See footnotes at end of table.

Continued--

Appendix table 21--Supply and use of poultry in Western Europe, 1985-89 1/--Continued

Country and year	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
	1,000 tons					
Portugal						
1985	159	--	--	--	159	--
1986	162	--	--	--	162	--
1987	197	--	--	--	197	--
1988	202	--	--	--	202	--
1989	209	--	--	--	209	--
Spain						
1985	810	--	24	2	832	--
1986	759	--	35	5	789	--
1987	790	--	50	6	834	--
1988	800	--	49	6	843	--
1989	805	--	46	6	845	--
Total EC-12						
1985	5,301	169	496	775	5,039	152
1986	5,413	152	540	835	5,160	110
1987	5,712	110	585	893	5,389	125
1988	5,953	125	624	933	5,562	207
1989	6,008	207	600	963	5,636	216
Other Western Europe						
Austria						
1985	71	--	11	--	82	--
1986	73	--	14	--	87	--
1987	75	--	18	--	93	--
1988	79	--	19	--	98	--
1989	81	--	20	--	101	--
Finland						
1985	20	2	--	--	21	1
1986	22	1	--	--	23	--
1987	27	--	--	--	26	1
1988	28	1	--	--	29	--
1989	31	--	--	--	31	--
Norway						
1985	--	--	--	--	--	--
1986	--	--	--	--	--	--
1987	--	--	--	--	--	--
1988	--	--	--	--	--	--
1989	--	--	--	--	--	--
Sweden						
1985	45	6	--	1	44	6
1986	45	6	--	--	45	6
1987	46	6	--	--	46	6
1988	47	6	--	--	48	5
1989	47	5	--	--	48	4
Switzerland						
1985	28	--	33	1	60	--
1986	28	--	36	--	64	--
1987	29	--	40	--	69	--
1988	30	--	39	--	69	--
1989	29	--	41	--	70	--
Total Other Western Europe						
1985	164	8	44	2	207	7
1986	168	7	50	--	219	6
1987	177	6	58	--	234	7
1988	184	7	58	--	244	5
1989	188	5	61	--	250	4
Total Western Europe						
1985	5,465	177	540	777	5,246	159
1986	5,581	159	590	835	5,379	116
1987	5,889	116	643	893	5,623	132
1988	6,137	132	682	933	5,806	212
1989	6,196	212	661	963	5,886	220

'--' indicates none or negligible.

1/ Data for 1988 are preliminary; 1989 values are June 1989 forecasts.

Source: USDA, Foreign Agricultural Service.

Appendix table 22--Supply and use of lamb, mutton, and goat in Western Europe, 1985-89 1/

Country and year	Slaughter	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
European Community	1,000 head			1,000 tons			
Belgium-Luxembourg							
1985	343	8	--	13	5	16	--
1986	325	8	--	14	4	18	--
1987	318	8	--	14	4	18	--
1988	330	8	--	14	4	18	--
1989	330	8	--	14	4	18	--
Denmark							
1985	29	1	--	2	--	3	--
1986	36	1	--	2	--	3	--
1987	53	1	--	3	--	4	--
1988	64	1	--	3	--	4	--
1989	75	1	--	3	--	4	--
France							
1985	9,092	176	--	67	4	239	--
1986	8,650	166	--	83	4	245	--
1987	8,592	157	--	93	5	245	--
1988	8,810	161	--	96	5	252	--
1989	8,650	158	--	107	5	260	--
Germany, Fed. Rep.							
1985	1,322	27	--	27	1	53	--
1986	1,249	26	--	26	1	51	--
1987	1,441	29	--	25	1	53	--
1988	1,482	30	--	26	2	54	--
1989	1,502	31	--	27	2	56	--
Greece							
1985	10,813	122	--	14	--	136	--
1986	9,750	110	--	18	--	128	--
1987	10,000	124	--	15	--	137	2
1988	10,080	123	2	14	--	137	2
1989	10,100	126	2	14	--	138	4
Ireland							
1985	2,119	48	--	--	24	24	--
1986	2,000	46	--	--	22	24	--
1987	2,122	49	--	--	24	25	--
1988	2,250	52	--	--	27	25	--
1989	2,385	55	--	--	30	25	--
Italy							
1985	8,100	70	1	19	--	89	1
1986	7,959	67	1	19	--	86	1
1987	8,053	68	1	21	--	90	--
1988	8,055	69	--	20	--	89	--
1989	8,057	70	--	20	--	90	--
Netherlands							
1985	390	11	--	1	6	6	--
1986	430	8	--	2	5	5	--
1987	475	10	--	3	6	7	--
1988	500	11	--	4	8	7	--
1989	550	12	--	4	8	8	--
United Kingdom							
1985	15,127	291	40	157	49	391	48
1986	15,060	284	48	125	60	367	30
1987	15,780	297	30	131	71	360	27
1988	17,200	324	27	125	79	367	30
1989	17,950	338	30	125	90	373	30
Total EC-10							
1985	47,335	754	41	300	89	957	49
1986	45,459	716	49	289	96	927	31
1987	46,834	743	31	305	111	939	29
1988	48,771	779	29	302	125	953	32
1989	49,599	799	32	314	139	972	34

See footnotes at end of table.

Continued--

Appendix table 22--Supply and use of lamb, mutton, and goat in Western Europe, 1985-89 1/-- Continued

Country and year	Slaughter	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
	1,000 head			1,000 tons			
Portugal							
1985	3,146	29	3	--	--	30	2
1986	2,122	29	2	--	--	29	2
1987	2,285	29	2	4	--	30	5
1988	2,330	30	5	4	1	33	5
1989	2,354	31	5	4	2	35	3
Spain							
1985	12,290	131	--	1	1	131	--
1986	10,851	136	--	7	5	138	--
1987	17,514	225	--	11	8	228	--
1988	18,564	236	--	11	10	237	--
1989	18,645	244	--	9	12	241	--
Total EC-12							
1985	62,771	914	44	301	90	1,118	51
1986	58,432	881	51	296	101	1,094	33
1987	66,633	997	33	320	119	1,197	34
1988	69,665	1,045	34	317	136	1,223	37
1989	70,598	1,074	37	327	153	1,248	37
Other Western Europe							
Austria							
1985	--	--	--	--	--	--	--
1986	--	--	--	--	--	--	--
1987	--	--	--	--	--	--	--
1988	--	--	--	--	--	--	--
1989	--	--	--	--	--	--	--
Finland							
1985	--	--	--	--	--	--	--
1986	--	--	--	--	--	--	--
1987	--	--	--	--	--	--	--
1988	--	--	--	--	--	--	--
1989	--	--	--	--	--	--	--
Norway							
1985	--	--	--	--	--	--	--
1986	--	--	--	--	--	--	--
1987	--	--	--	--	--	--	--
1988	--	--	--	--	--	--	--
1989	--	--	--	--	--	--	--
Sweden							
1985	--	--	--	--	--	--	--
1986	--	--	--	--	--	--	--
1987	--	--	--	--	--	--	--
1988	--	--	--	--	--	--	--
1989	--	--	--	--	--	--	--
Switzerland							
1985	--	--	--	--	--	--	--
1986	--	--	--	--	--	--	--
1987	--	--	--	--	--	--	--
1988	--	--	--	--	--	--	--
1989	--	--	--	--	--	--	--
Total Other Western Europe							
1985	--	--	--	--	--	--	--
1986	--	--	--	--	--	--	--
1987	--	--	--	--	--	--	--
1988	--	--	--	--	--	--	--
1989	--	--	--	--	--	--	--
Total Western Europe							
1985	62,771	914	44	301	90	1,118	51
1986	58,432	881	51	296	101	1,094	33
1987	66,633	997	33	320	119	1,197	34
1988	69,665	1,045	34	317	136	1,223	37
1989	70,598	1,074	37	327	153	1,248	37

'--' none or negligible.

1/ Data for 1988 are preliminary; 1989 values are June 1989 forecasts.

Source: USDA, Foreign Agricultural Service

Appendix table 23--Supply and use of fluid milk in Western Europe, 1985-89 1/

Country and year	Dairy cows	Cow milk production	Other milk production	Total milk production	Total imports	Total exports	Total milk consumption	Fluid use	Factory use	Feed use	Ending stocks
European Community	1,000 Head					1,000 tons					
Belgium-Luxembourg											
1985	1,031	4,080	--	4,080	151	333	3,898	722	3,030	146	--
1986	1,012	4,213	--	4,213	75	275	4,013	725	3,093	195	--
1987	950	4,030	--	4,030	55	305	3,780	694	2,886	200	--
1988	930	3,850	--	3,850	60	320	3,590	610	2,790	190	--
1989	930	3,850	--	3,850	60	320	3,590	610	2,790	190	--
Denmark											
1985	896	5,099	--	5,099	3	31	5,071	654	4,292	125	1
1986	864	5,111	--	5,111	3	27	5,087	645	4,317	125	1
1987	811	4,860	--	4,860	3	30	4,833	635	4,073	125	1
1988	774	4,739	--	4,739	4	28	4,715	630	3,960	125	1
1989	750	4,685	--	4,685	3	29	4,659	625	3,909	125	1
France											
1985	6,764	26,830	1,450	28,280	98	481	27,897	4,570	21,617	1,710	9
1986	6,506	28,074	1,471	29,545	101	666	28,980	4,971	22,170	1,839	8
1987	6,359	27,146	1,440	28,586	100	556	28,130	4,874	21,480	1,776	7
1988	5,841	26,060	1,450	27,510	105	650	26,965	4,850	20,405	1,710	5
1989	5,800	25,800	1,450	27,250	100	640	26,710	4,860	20,200	1,650	5
Germany, Fed. Rep.											
1985	5,547	25,674	--	25,674	154	1,749	24,079	3,558	19,240	1,281	9
1986	5,437	26,350	--	26,350	111	1,342	25,119	3,292	20,442	1,385	11
1987	5,277	24,436	--	24,436	109	1,704	22,841	3,328	18,038	1,475	9
1988	4,950	23,600	--	23,600	100	1,500	22,200	3,400	17,500	1,300	9
1989	4,800	23,600	--	23,600	100	1,550	22,150	3,450	17,500	1,200	9
Greece											
1985	355	646	1,056	1,702	167	2	1,867	887	980	--	--
1986	350	643	1,077	1,720	210	--	1,930	890	1,040	--	1
1987	350	628	1,072	1,700	172	--	1,872	854	1,018	--	1
1988	345	630	1,085	1,715	175	--	1,890	850	1,040	--	1
1989	343	631	1,080	1,711	173	--	1,884	849	1,035	--	1
Ireland											
1985	1,549	6,047	--	6,047	36	27	6,056	650	5,156	250	--
1986	1,528	5,816	--	5,816	1	23	5,794	638	4,956	200	--
1987	1,490	5,751	--	5,751	--	31	5,720	640	4,860	220	--
1988	1,444	5,463	--	5,463	--	35	5,428	640	4,568	220	--
1989	1,415	5,470	--	5,470	--	32	5,438	640	4,578	220	--
Italy											
1985	3,174	10,227	620	10,847	2,207	3	13,051	4,700	8,351	--	2
1986	3,021	10,278	674	10,952	1,780	2	12,730	4,537	8,193	--	3
1987	3,021	10,300	770	11,070	1,630	1	12,699	4,400	7,643	656	3
1988	3,020	10,000	750	10,750	1,622	1	12,371	4,400	7,371	600	2
1989	3,019	9,900	750	10,650	1,610	1	12,259	4,400	7,259	600	2
Netherlands											
1985	2,354	12,550	11	12,561	93	121	12,533	1,989	10,209	335	--
1986	2,247	12,695	13	12,708	78	84	12,702	1,953	10,517	232	--
1987	2,043	11,672	19	11,691	443	72	12,062	1,949	9,879	234	1
1988	1,947	11,397	37	11,434	632	122	11,944	1,977	9,733	234	--
1989	1,900	11,250	50	11,300	750	150	11,900	1,975	9,725	200	1
United Kingdom											
1985	3,311	16,340	--	16,340	26	11	16,355	7,250	8,590	515	7
1986	3,293	16,218	--	16,218	34	7	16,245	7,189	8,887	169	5
1987	3,311	15,360	--	15,360	42	11	15,391	7,010	8,201	180	5
1988	3,166	14,945	--	14,945	47	12	14,980	6,996	7,807	177	4
1989	3,142	14,750	--	14,750	75	10	14,815	6,900	7,755	160	3
Total EC-10											
1985	24,981	107,493	3,137	110,630	2,935	2,758	110,807	24,980	81,465	4,362	29
1986	24,258	109,398	3,235	112,633	2,393	2,426	112,600	24,840	83,615	4,145	29
1987	23,612	104,183	3,301	107,484	2,554	2,710	107,328	24,384	78,078	4,866	27
1988	22,417	100,684	3,322	104,006	2,745	2,668	104,083	24,353	75,174	4,556	23
1989	22,099	99,936	3,330	103,266	2,871	2,732	103,405	24,309	74,751	4,345	22

See footnotes at end of table.

Continued--

Appendix table 23--Supply and use of fluid milk in Western Europe, 1985-89 1/--Continued

Country and year	Dairy cows	Cow milk production	Other milk production	Total milk production	Total imports	Total exports	Total milk consumption	Fluid use	Factory use	Feed use	Ending stocks
European Community	1,000 -- Head --					1,000 tons					
Portugal											
1985	374	1,120	128	1,248	--	--	1,248	650	597	1	1
1986	262	842	122	964	--	--	964	610	353	1	1
1987	388	1,253	127	1,380	--	--	1,380	694	684	2	--
1988	393	1,280	130	1,410	--	--	1,410	709	699	2	--
1989	400	1,320	135	1,455	--	--	1,455	724	729	2	--
Spain											
1985	1,910	6,300	600	6,900	82	--	6,982	3,700	2,982	300	2
1986	1,363	5,971	611	6,582	208	9	6,781	3,700	2,815	266	1
1987	1,890	5,941	671	6,612	156	8	6,760	3,740	2,760	260	1
1988	1,870	5,976	650	6,626	150	6	6,770	3,750	2,770	250	2
1989	1,860	6,000	650	6,650	160	6	6,804	3,780	2,770	254	1
Total EC-12											
1985	27,265	114,913	3,865	118,778	3,017	2,758	119,037	29,330	85,044	4,663	32
1986	25,883	116,211	3,968	120,179	2,601	2,435	120,345	29,150	86,783	4,412	31
1987	25,890	111,377	4,099	115,476	2,710	2,718	115,468	28,818	81,522	5,128	29
1988	24,680	107,940	4,102	112,042	2,895	2,674	112,263	28,812	78,643	4,808	25
1989	24,359	107,256	4,115	111,371	3,031	2,738	111,664	28,813	78,250	4,601	24
Other Western Europe											
Austria											
1985	995	3,760	13	3,773	--	3	3,770	1,213	1,873	684	1
1986	989	3,739	13	3,752	--	4	3,748	1,209	1,855	684	1
1987	976	3,687	13	3,700	--	4	3,696	1,210	1,740	746	1
1988	965	3,576	13	3,589	--	4	3,585	1,220	1,760	605	1
1989	955	3,590	13	3,603	--	4	3,599	1,230	1,770	599	1
Finland											
1985	628	3,083	--	3,083	8	--	3,091	899	2,129	63	1
1986	603	3,071	--	3,071	10	5	3,076	880	2,130	66	1
1987	580	2,938	--	2,938	12	--	2,950	851	2,036	63	1
1988	545	2,787	--	2,787	12	--	2,799	832	1,907	60	1
1989	535	2,748	--	2,748	12	--	2,760	810	1,892	58	1
Norway											
1985	381	1,973	26	1,999	--	--	1,999	872	1,075	52	1
1986	374	1,952	26	1,978	--	--	1,978	857	1,069	52	1
1987	357	1,961	28	1,989	--	--	1,989	884	1,055	50	1
1988	346	1,908	27	1,935	--	--	1,935	890	999	46	1
1989	343	1,903	26	1,929	--	--	1,929	890	994	45	1
Sweden											
1985	646	3,695	--	3,695	--	10	3,685	1,351	2,256	78	1
1986	600	3,533	--	3,533	--	10	3,523	1,371	2,075	77	1
1987	576	3,477	--	3,477	--	11	3,466	1,363	2,027	76	1
1988	565	3,465	--	3,465	--	10	3,455	1,357	2,023	75	1
1989	575	3,555	--	3,555	--	10	3,545	1,352	2,118	75	1
Switzerland											
1985	816	3,845	22	3,867	23	11	3,879	752	2,479	648	1
1986	806	3,845	22	3,867	23	11	3,879	739	2,501	639	1
1987	790	3,768	22	3,790	23	10	3,803	724	2,409	670	1
1988	793	3,790	22	3,812	23	10	3,825	725	2,420	680	1
1989	789	3,795	22	3,817	23	10	3,830	725	2,425	680	1
Total Other Western Europe											
1985	3,466	16,356	61	16,417	31	24	16,424	5,087	9,812	1,525	4
1986	3,372	16,140	61	16,201	33	30	16,204	5,056	9,630	1,518	4
1987	3,279	15,831	63	15,894	35	25	15,904	5,032	9,267	1,605	4
1988	3,214	15,526	62	15,588	35	24	15,599	5,024	9,109	1,466	4
1989	3,197	15,591	61	15,652	35	24	15,663	5,007	9,199	1,457	4
Total Western Europe											
1985	30,731	131,269	3,926	135,195	3,048	2,782	135,461	34,417	94,856	6,188	36
1986	29,255	132,351	4,029	136,380	2,634	2,465	136,549	34,206	96,413	5,930	35
1987	29,169	127,208	4,162	131,370	2,745	2,743	131,372	33,850	90,789	6,733	33
1988	27,894	123,466	4,164	127,630	2,930	2,698	127,862	33,836	87,752	6,274	29
1989	27,556	122,847	4,176	127,023	3,066	2,762	127,327	33,820	87,449	6,058	28

'--' indicates none or negligible.

1/ Data for 1988 are preliminary; 1989 values are June 1989 forecasts.

Source: USDA, Foreign Agricultural Service.

Appendix table 24--Supply and use of butter in Western Europe, 1985-89 1/

Country and year	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
European Community						
----- 1,000 tons -----						
Belgium-Luxembourg						
1985	105	35	139	157	93	29
1986	108	29	132	137	91	41
1987	98	41	162	157	104	40
1988	92	40	175	165	105	37
1989	92	37	145	135	105	34
Denmark						
1985	110	8	13	59	57	15
1986	112	15	14	66	56	19
1987	96	19	12	70	52	5
1988	94	5	18	60	57	--
1989	89	--	15	53	51	--
France						
1985	595	149	55	188	490	121
1986	633	121	80	112	513	209
1987	569	209	85	182	482	199
1988	510	199	95	150	470	184
1989	485	184	50	125	460	134
Germany Fed. Rep.						
1985	515	437	100	87	460	505
1986	567	505	93	206	482	477
1987	464	477	111	246	532	274
1988	400	274	80	190	510	54
1989	386	54	110	30	500	20
Greece						
1985	5	1	5	--	10	1
1986	6	1	5	--	10	2
1987	5	2	5	--	10	2
1988	5	2	5	--	11	1
1989	4	1	6	--	10	1
Ireland						
1985	163	64	1	105	35	88
1986	160	88	3	78	30	143
1987	145	143	5	142	24	127
1988	130	127	5	200	22	40
1989	130	40	5	125	20	30
Italy						
1985	70	--	65	6	129	--
1986	70	--	60	4	126	--
1987	70	--	77	4	143	--
1988	65	--	53	12	106	--
1989	65	--	55	5	115	--
Netherlands						
1985	229	226	50	165	98	242
1986	264	242	56	151	147	264
1987	199	264	158	271	132	218
1988	170	218	206	296	255	43
1989	185	43	172	210	140	50
United Kingdom						
1985	202	240	141	25	280	278
1986	222	278	144	34	260	350
1987	174	350	134	133	260	265
1988	144	265	127	119	240	177
1989	130	177	120	105	225	97
Total EC-10						
1985	1,994	1,160	569	792	1,652	1,279
1986	2,142	1,279	587	788	1,715	1,505
1987	1,820	1,505	749	1,205	1,739	1,130
1988	1,610	1,130	764	1,192	1,776	536
1989	1,566	536	678	788	1,626	366

See footnotes at end of table.

Continued--

Appendix table 24--Supply and use of butter in Western Europe, 1985-89 1/--Continued

Country and year	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
European Community						
----- 1,000 tons -----						
Portugal						
1985	7	--	1	--	8	--
1986	9	--	1	--	8	2
1987	8	2	--	--	7	3
1988	8	3	--	2	8	1
1989	9	1	--	2	8	--
Spain						
1985	15	4	3	--	17	5
1986	29	5	4	--	19	19
1987	29	19	4	--	25	27
1988	24	27	2	3	25	25
1989	24	25	3	7	25	20
Total EC-12						
1985	2,016	1,164	573	792	1,677	1,284
1986	2,180	1,284	592	788	1,742	1,526
1987	1,857	1,526	753	1,205	1,771	1,160
1988	1,642	1,160	766	1,197	1,809	562
1989	1,599	562	681	797	1,659	386
Other Western Europe						
Austria						
1985	43	4	--	1	40	6
1986	46	6	--	7	40	5
1987	41	5	--	4	40	2
1988	39	2	--	1	39	1
1989	39	1	--	1	39	--
Finland						
1985	73	12	--	20	55	10
1986	72	10	--	11	59	12
1987	68	12	--	22	48	10
1988	61	10	--	17	46	8
1989	60	8	--	17	45	6
Norway						
1985	25	5	--	6	21	3
1986	25	3	--	5	19	4
1987	25	4	--	7	18	4
1988	23	4	--	7	16	4
1989	22	4	--	7	15	4
Sweden						
1985	74	6	--	15	59	6
1986	66	6	--	8	58	6
1987	64	6	--	10	58	2
1988	63	2	--	7	56	2
1989	66	2	--	11	55	2
Switzerland						
1985	38	5	7	--	46	4
1986	37	4	8	--	45	4
1987	34	4	12	--	45	5
1988	36	5	10	--	45	6
1989	33	6	11	--	45	5
Total Other Western Europe						
1985	253	32	7	42	221	29
1986	246	29	8	31	221	31
1987	232	31	12	43	209	23
1988	222	23	10	32	202	21
1989	220	21	11	36	199	17
Total Western Europe						
1985	2,269	1,196	580	834	1,898	1,313
1986	2,426	1,313	600	819	1,963	1,557
1987	2,089	1,557	765	1,248	1,980	1,183
1988	1,864	1,183	776	1,229	2,011	583
1989	1,819	583	692	833	1,858	403

'--' indicates none or negligible.

1/ Data for 1988 are preliminary; 1989 values are June 1989 forecasts.

Source: USDA, Foreign Agricultural Service.

Appendix table 25--Supply and use of cheese in Western Europe, 1985-89 1/

Country and year	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
European Community						
----- 1,000 tons -----						
Belgium-Luxembourg						
1985	53	3	91	18	126	3
1986	53	3	109	22	140	3
1987	54	3	111	23	142	3
1988	55	3	112	24	143	3
1989	55	3	112	24	143	3
Denmark						
1985	253	29	6	201	56	31
1986	252	31	9	198	63	31
1987	271	31	10	212	63	37
1988	258	37	11	195	64	47
1989	260	47	12	217	65	37
France						
1985	1,300	93	80	248	1,143	82
1986	1,320	82	81	237	1,162	84
1987	1,342	84	82	247	1,195	66
1988	1,375	66	88	269	1,210	50
1989	1,390	50	90	270	1,220	40
Germany, Fed. Rep.						
1985	495	30	275	280	480	40
1986	530	40	281	296	519	36
1987	553	36	290	305	545	29
1988	570	29	295	310	550	34
1989	580	34	301	310	565	40
Greece						
1985	193	18	37	5	212	31
1986	203	31	40	--	210	64
1987	197	64	38	7	223	69
1988	198	69	37	9	225	70
1989	197	70	37	9	225	70
Ireland						
1985	78	12	7	65	14	18
1986	63	18	7	67	13	8
1987	65	8	7	57	15	8
1988	79	8	8	70	16	9
1989	78	9	8	69	17	9
Italy						
1985	684	226	315	50	870	305
1986	694	305	289	48	880	360
1987	704	360	292	55	890	411
1988	700	411	297	56	952	400
1989	700	400	300	60	950	390
Netherlands						
1985	522	74	34	356	198	76
1986	534	76	42	376	201	75
1987	552	75	45	383	210	79
1988	558	79	48	400	209	76
1989	554	76	50	400	210	70
United Kingdom						
1985	260	106	161	32	380	115
1986	256	115	173	34	386	124
1987	263	124	160	37	397	113
1988	298	113	198	28	435	146
1989	290	146	190	35	440	151
Total EC-10						
1985	3,838	591	1,006	1,255	3,479	701
1986	3,905	701	1,031	1,278	3,574	785
1987	4,001	785	1,035	1,326	3,680	815
1988	4,091	815	1,094	1,361	3,804	835
1989	4,104	835	1,100	1,394	3,835	810

See footnotes at end of table.

Continued--

Appendix table 25--Supply and use of cheese in Western Europe, 1985-89 1/--Continued

Country and year	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
European Community						
	----- 1,000 tons -----					
Portugal						
1985	46	1	5	4	47	1
1986	42	1	6	4	44	1
1987	47	1	7	7	46	2
1988	48	2	6	8	47	1
1989	49	1	6	8	48	--
Spain						
1985	101	17	26	1	126	17
1986	110	17	31	2	132	24
1987	113	24	32	3	138	28
1988	115	28	27	4	140	26
1989	117	26	27	4	142	24
Total EC-12						
1985	3,985	609	1,037	1,260	3,652	719
1986	4,057	719	1,068	1,284	3,750	810
1987	4,161	810	1,074	1,336	3,864	845
1988	4,254	845	1,127	1,373	3,991	862
1989	4,270	862	1,133	1,406	4,025	834
Other Western Europe						
Austria						
1985	83	8	10	42	51	8
1986	78	8	10	36	52	8
1987	78	8	11	38	52	7
1988	82	7	11	40	53	7
1989	83	7	11	41	53	7
Finland						
1985	79	10	1	36	42	12
1986	77	12	2	33	47	11
1987	78	11	2	34	49	8
1988	80	8	2	29	53	8
1989	82	8	2	29	54	9
Norway						
1985	72	15	2	20	50	19
1986	72	19	2	20	54	19
1987	75	19	2	22	55	19
1988	74	19	2	23	55	17
1989	76	17	2	22	55	18
Sweden						
1985	109	42	15	5	118	43
1986	106	43	14	4	119	40
1987	107	40	15	4	121	37
1988	112	37	16	4	121	40
1989	111	40	16	4	123	40
Switzerland						
1985	126	22	21	66	91	12
1986	131	12	23	64	94	8
1987	128	8	24	60	95	5
1988	131	5	23	62	94	3
1989	131	3	24	61	93	4
Total Other Western Europe						
1985	469	97	49	169	352	94
1986	464	94	51	157	366	86
1987	466	86	54	158	372	76
1988	479	76	54	158	376	75
1989	483	75	55	157	378	78
Total Western Europe						
1985	4,454	706	1,086	1,429	4,004	813
1986	4,521	813	1,119	1,441	4,116	896
1987	4,627	896	1,128	1,494	4,236	921
1988	4,733	921	1,181	1,531	4,367	937
1989	4,753	937	1,188	1,563	4,403	912

'--' indicates none or negligible.

1/ Data for 1988 are preliminary; 1989 values are June 1989 forecasts.

Source: USDA, Foreign Agricultural Service.

Appendix table 26--Supply and use of eggs in Western Europe, 1985-89 1/

Country and year	Production	Beginning stocks	Total imports	Total exports	Hatch eggs consumption	Shell eggs consumption	Other uses	Consumption	Ending stocks
European Community ----- Million eggs -----									
Belgium-Luxembourg									
1985	3,005	--	695	972	153	2,575	--	2,728	--
1986	2,935	--	797	1,120	158	2,454	--	2,612	--
1987	2,908	--	883	1,268	169	2,354	--	2,523	--
1988	2,830	--	930	1,260	175	2,325	--	2,500	--
1989	2,800	--	980	1,300	180	2,300	--	2,480	--
Denmark									
1985	1,370	296	115	81	103	1,128	--	1,396	304
1986	1,398	304	93	113	103	1,118	--	1,376	306
1987	1,316	306	200	81	103	1,118	--	1,390	351
1988	1,250	351	140	80	103	1,088	--	1,361	300
1989	1,200	300	130	85	103	992	--	1,245	300
France									
1985	14,910	62	627	550	930	13,930	--	14,990	59
1986	14,970	59	700	570	940	14,010	--	15,070	89
1987	14,540	89	1,089	439	960	14,030	--	15,110	169
1988	15,200	169	700	630	940	14,130	--	15,200	239
1989	15,000	239	648	600	940	14,140	--	15,210	77
Germany, Fed. Rep.									
1985	12,765	--	5,443	897	702	16,609	--	17,311	--
1986	12,315	--	5,664	951	670	16,358	--	17,028	--
1987	12,315	--	5,860	950	655	16,570	--	17,225	--
1988	12,100	--	5,660	960	690	16,110	--	16,800	--
1989	12,050	--	5,910	950	653	16,357	--	17,010	--
Greece									
1985	2,512	12	50	8	110	2,440	--	2,560	6
1986	2,496	6	50	5	100	2,430	--	2,540	7
1987	2,480	7	50	5	110	2,382	--	2,504	28
1988	2,485	28	50	5	110	2,380	--	2,510	48
1989	2,490	48	35	5	115	2,350	--	2,500	68
Ireland									
1985	650	--	201	6	40	801	1	845	--
1986	640	--	210	6	42	798	1	844	--
1987	640	--	210	6	42	798	1	844	--
1988	640	--	210	6	42	798	1	844	--
1989	640	--	210	6	42	798	1	844	--
Italy									
1985	10,900	--	998	17	670	10,531	--	11,881	--
1986	10,300	--	1,091	12	670	10,059	--	11,379	--
1987	10,743	--	1,288	13	650	10,718	--	12,018	--
1988	11,000	--	1,307	14	660	10,983	--	12,293	--
1989	11,165	--	1,313	15	660	11,153	--	12,463	--
Netherlands									
1985	11,051	--	438	7,936	574	2,879	100	3,553	--
1986	10,930	--	457	7,892	597	2,798	100	3,495	--
1987	10,930	--	229	7,686	621	2,752	100	3,473	--
1988	10,800	--	200	7,550	610	2,740	100	3,450	--
1989	10,800	--	200	7,600	600	2,700	100	3,400	--
United Kingdom									
1985	13,117	--	806	290	650	11,700	183	13,633	--
1986	13,150	--	618	297	640	11,631	200	13,471	--
1987	13,300	--	415	230	635	11,500	200	13,485	--
1988	13,400	--	430	219	615	11,546	200	13,611	--
1989	13,250	--	445	212	620	11,363	200	13,483	--
Total EC-10									
1985	70,280	370	9,373	10,757	3,932	62,593	284	68,897	369
1986	69,134	369	9,680	10,966	3,920	61,656	301	67,815	402
1987	69,172	402	10,224	10,678	3,945	62,222	301	68,572	548
1988	69,705	548	9,627	10,724	3,945	62,100	301	68,569	587
1989	69,395	587	9,871	10,773	3,913	62,153	301	68,635	445

See footnotes at end of table.

Continued--

Appendix table 26--Supply and use of eggs in Western Europe, 1985-89 1/--Continued

Country and year	Production	Beginning stocks	Total imports	Total exports	Hatch eggs consumption	Shell eggs consumption	Other uses	Consumption	Ending stocks
----- Million eggs -----									
Portugal									
1985	1,399	--	--	2	130	1,237	25	1,397	--
1986	1,428	--	2	1	133	1,265	26	1,429	--
1987	1,587	--	--	21	160	1,370	31	1,566	--
1988	1,630	--	--	25	163	1,403	33	1,605	--
1989	1,665	--	--	30	168	1,428	33	1,635	--
Spain									
1985	10,164	--	24	14	700	9,319	155	10,174	--
1986	10,877	--	21	44	650	10,044	160	10,854	--
1987	10,500	--	26	20	747	9,599	160	10,506	--
1988	10,900	--	26	29	700	10,037	160	10,897	--
1989	10,800	--	30	9	730	9,931	160	10,821	--
Total EC-12									
1985	81,843	370	9,397	10,773	4,762	73,149	464	80,468	369
1986	81,439	369	9,703	11,011	4,703	72,965	487	80,098	402
1987	81,259	402	10,250	10,719	4,852	73,191	492	80,644	548
1988	82,235	548	9,653	10,778	4,808	73,540	494	81,071	587
1989	81,860	587	9,901	10,812	4,811	73,512	494	81,091	445
Other Western Europe									
Austria									
1985	1,798	--	126	4	79	1,793	--	1,920	--
1986	1,832	--	127	1	80	1,825	--	1,958	--
1987	1,818	--	137	--	80	1,813	--	1,955	--
1988	1,736	--	141	--	81	1,730	--	1,877	--
1989	1,701	--	146	--	81	1,696	--	1,847	--
Finland									
1985	1,495	--	--	559	11	860	--	933	3
1986	1,426	3	--	425	11	913	--	995	9
1987	1,370	9	--	369	11	997	--	1,008	2
1988	1,292	2	--	289	10	995	--	1,005	--
1989	1,275	--	--	254	10	1,008	--	1,018	3
Norway									
1985	--	--	--	--	--	--	--	--	--
1986	--	--	--	--	--	--	--	--	--
1987	--	--	--	--	--	--	--	--	--
1988	--	--	--	--	--	--	--	--	--
1989	--	--	--	--	--	--	--	--	--
Sweden									
1985	--	--	--	--	--	--	--	--	--
1986	--	--	--	--	--	--	--	--	--
1987	--	--	--	--	--	--	--	--	--
1988	--	--	--	--	--	--	--	--	--
1989	--	--	--	--	--	--	--	--	--
Switzerland									
1985	760	52	782	--	26	1,218	--	1,541	53
1986	753	53	827	--	23	--	1,104	1,581	52
1987	690	52	858	--	24	1,085	464	1,573	27
1988	730	27	865	--	24	1,106	470	1,600	22
1989	750	22	880	--	24	1,130	472	1,626	26
Total Other Western Europe									
1985	4,053	52	908	563	116	3,871	--	4,394	56
1986	4,011	56	954	426	114	2,738	1,104	4,534	61
1987	3,878	61	995	369	115	3,895	464	4,536	29
1988	3,758	29	1,006	289	115	3,831	470	4,482	22
1989	3,726	22	1,026	254	115	3,834	472	4,491	29
Total Western Europe									
1985	85,896	422	10,305	11,336	4,878	77,020	464	84,862	425
1986	85,450	425	10,657	11,437	4,817	75,703	1,591	84,632	463
1987	85,137	463	11,245	11,088	4,967	77,086	956	85,180	577
1988	85,993	577	10,659	11,067	4,923	77,371	964	85,553	609
1989	85,586	609	10,927	11,066	4,926	77,346	966	85,582	474

'--' indicates none or negligible.

1/ Data for 1988 are preliminary; 1989 values are June 1989 forecasts.

Source: USDA, Foreign Agricultural Service.

Appendix table 27--EC production of compound feed by category, 1973-88

	1973	1975	1980	1981	1982	1983	1984	1985	1986	1987	1988
----- 1,000 tons -----											
<b>Cattle feed</b>											
Belgium	1,027	920	1,271	1,239	1,344	1,455	1,376	1,391	1,355	1,297	1,352
Denmark	857	1,147	2,088	2,005	1,957	1,988	1,753	1,720	1,788	1,832	1,797
Germany	3,201	3,472	6,841	7,160	7,163	7,787	7,109	7,110	6,938	6,771	7,074
France	2,401	2,224	3,287	3,452	3,636	3,975	3,683	3,519	3,742	3,655	3,949
Ireland	278	363	958	1,070	1,034	1,244	1,151	1,186	1,559	1,203	1,194
Italy	1,331	1,127	3,290	3,208	3,475	3,124	3,659	3,850	4,015	3,928	4,200
Netherlands	3,384	3,741	5,354	5,197	5,193	5,821	6,000	5,720	5,766	5,294	5,300
United Kingdom	4,378	4,466	4,885	5,011	5,482	5,960	4,818	4,549	4,901	4,085	4,112
Portugal	NA	NA	NA	NA	NA	NA	NA	NA	738	786	927
Spain	NA	NA	NA	NA	NA	NA	NA	NA	2,356	2,292	2,309
EC Total 1/	16,857	17,460	27,974	28,342	29,284	31,354	29,549	29,045	33,158	31,143	32,214
<b>Pig feed</b>											
Belgium	2,774	2,645	2,617	2,469	2,445	2,540	2,524	2,550	2,665	2,660	2,688
Denmark	1,175	1,105	2,106	2,102	1,981	1,900	1,826	1,955	2,097	2,300	2,425
Germany	3,998	4,134	6,249	6,217	6,140	6,173	6,192	5,829	5,799	5,910	5,959
France	4,026	4,197	4,839	4,752	4,670	4,632	4,440	4,326	4,477	4,759	5,187
Ireland	588	400	508	492	489	474	441	443	449	421	446
Italy	1,689	2,042	2,369	2,326	2,556	2,365	2,565	2,350	2,435	2,534	2,600
Netherlands	4,341	4,545	6,117	6,219	6,222	6,256	6,579	6,886	7,241	7,461	7,800
United Kingdom	2,796	2,180	2,269	2,182	2,297	2,292	2,104	2,144	2,197	2,151	2,185
Portugal	NA	NA	NA	NA	NA	NA	NA	NA	1,129	1,142	1,102
Spain	NA	NA	NA	NA	NA	NA	NA	NA	4,130	4,018	4,169
EC Total 1/	21,387	21,248	27,074	26,759	26,800	26,632	26,671	26,483	32,619	33,356	34,561
<b>Poultry feed</b>											
Belgium	1,107	1,018	936	961	1,081	952	986	937	951	935	933
Denmark	607	549	546	543	567	522	520	522	509	501	502
Germany	3,583	3,481	3,217	3,230	3,398	3,272	3,351	3,228	3,294	3,294	3,267
France	3,749	3,812	5,191	5,603	5,668	5,296	5,525	5,534	5,743	5,928	6,135
Ireland	269	240	269	263	272	278	277	294	315	347	373
Italy	2,881	2,529	4,306	4,248	4,363	4,675	3,887	4,050	4,135	4,146	4,200
Netherlands	2,230	2,183	2,793	2,972	3,095	3,102	3,212	3,353	3,191	3,314	3,300
United Kingdom	3,820	3,351	3,472	3,459	3,630	3,532	3,326	3,231	3,457	3,530	3,691
Portugal	NA	NA	NA	NA	NA	NA	NA	NA	946	956	1,052
Spain	NA	NA	NA	NA	NA	NA	NA	NA	3,860	3,755	3,802
EC Total 1/	18,246	17,163	20,730	21,279	22,074	21,629	21,084	21,149	26,401	26,706	27,255
<b>Total compound feed</b>											
Belgium	5,053	4,735	4,905	4,778	4,993	5,071	5,015	5,021	5,078	4,982	5,063
Denmark	2,705	2,876	4,842	4,753	4,609	4,528	4,215	4,326	4,535	4,778	4,863
Germany	11,039	11,473	16,796	17,199	17,235	17,727	17,219	16,669	16,478	16,395	16,810
France	10,981	11,108	14,695	15,156	15,352	15,202	14,968	14,721	15,366	15,711	16,546
Ireland	1,225	1,019	1,766	1,860	1,825	2,061	1,937	2,000	2,387	2,095	2,161
Italy	6,201	5,995	10,648	10,457	11,180	11,000	10,861	10,600	10,970	11,430	11,850
Netherlands	10,078	10,671	14,461	14,570	14,704	15,417	16,040	16,217	16,533	16,466	16,800
United Kingdom	11,228	10,221	10,987	11,007	11,817	12,234	10,756	10,457	11,192	10,429	10,730
Portugal	NA	NA	NA	NA	NA	NA	NA	NA	2,925	2,988	3,217
Spain	NA	NA	NA	NA	NA	NA	NA	NA	11,411	11,100	11,300
EC Total 1/	58,510	58,098	79,100	79,780	81,715	83,240	81,011	80,011	96,875	96,374	99,340

NA = not applicable.

1/ Excludes Greece and Luxembourg.

Source: Commission of the European Communities, The Agricultural Situation in the Community, various issues; and European Feed Manufacturers' Federation (FEFAC), Feed and Food Statistical Yearbook, various issues.

Appendix table 28--EC disappearance of selected feeds, 1973-87 1/

Commodity	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987 2/
----- Million tons -----															
Wheat	11.7	12.3	9.5	9.8	10.7	11.9	12.4	13.2	13.6	14.9	20.2	21.3	21.4	22.7	20.1
Barley	25.9	24.6	24.1	24.5	26.0	27.9	28.1	28.7	27.0	27.2	25.5	25.9	24.2	23.1	22.6
Corn	22.0	20.9	21.4	22.6	21.0	23.2	22.9	20.4	20.1	18.4	17.8	17.2	16.0	15.7	15.1
Other grains	12.7	12.4	12.8	10.2	9.9	10.2	9.5	8.5	8.2	8.7	6.6	7.5	8.2	7.0	6.7
Grains	72.3	70.2	67.8	67.1	67.6	73.2	72.9	70.8	68.9	69.2	70.1	71.9	69.8	68.5	64.5
Manioc (tapioca)	1.8	2.4	2.4	3.6	4.3	6.3	4.2	5.3	7.5	6.1	4.2	5.9	6.4	5.2	5.4
Potatoes	8.2	8.6	5.7	4.7	7.7	6.0	5.1	4.3	3.4	4.0	2.0	4.9	5.1	3.6	3.6
Corn gluten feed	0.8	1.0	1.2	1.5	1.9	2.0	2.5	2.9	3.8	4.1	4.7	4.7	4.9	4.9	5.1
Corn meal	0.4	0.5	0.6	0.8	1.0	1.2	1.3	1.3	1.1	1.3	1.2	1.2	1.3	1.9	2.3
Grain by-products	8.3	7.9	8.4	9.1	8.5	8.9	9.1	9.1	9.0	8.9	8.8	8.7	8.7	8.6	8.6
Nongrain feeds	19.5	20.4	18.3	19.7	23.4	24.4	22.2	22.9	24.8	24.4	20.9	25.4	26.4	24.2	25.0
Soybean meal	8.5	9.6	10.4	10.7	12.5	14.5	15.3	14.2	16.3	15.4	14.8	15.4	15.9	16.0	15.5
Cotton meal	0.8	0.6	0.8	0.6	0.6	1.0	0.8	0.7	0.7	0.7	0.7	0.6	1.0	0.8	0.8
Groundnut meal	0.8	0.6	1.0	1.3	0.8	0.9	1.0	0.5	0.3	0.4	0.3	0.1	0.2	0.2	0.3
Sunflower meal	0.4	0.4	0.4	0.5	0.7	1.1	1.3	1.3	1.2	1.4	1.6	1.8	2.2	2.4	2.4
Rapeseed meal	0.8	0.6	0.7	0.9	0.8	1.1	1.2	1.5	1.5	1.8	2.1	2.3	2.7	3.1	3.4
Copra meal	0.7	0.7	1.1	1.0	0.9	0.9	0.9	1.0	1.0	0.9	0.8	0.6	1.2	1.2	1.1
Palmkernel meal	0.3	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.6	0.6	0.8	0.9	1.0	1.1
Linseed meal	0.5	0.4	0.5	0.6	0.7	0.7	0.7	0.7	0.6	0.6	0.7	0.6	0.6	0.7	0.7
Fish meal	0.7	0.9	1.0	0.9	0.8	0.8	0.8	0.7	0.8	0.6	0.6	0.7	1.0	1.0	0.9
Protein feeds	13.5	14.2	16.3	16.9	18.2	21.5	22.5	21.1	22.9	22.4	22.2	22.9	25.7	26.4	26.2
Dry pulses	0.5	0.6	0.6	0.5	0.5	0.6	0.7	0.7	0.7	1.1	1.4	2.0	2.5	3.1	3.9
Skim-milk powder	1.1	1.0	1.6	2.2	2.0	1.7	1.5	1.4	1.5	1.6	1.9	2.1	1.3	1.7	1.4
Molasses	2.2	2.0	2.4	3.1	3.3	3.8	3.5	3.0	3.4	4.0	3.7	3.5	3.7	3.9	3.9
Other feeds	3.8	3.6	4.6	5.8	5.8	6.1	5.7	5.1	5.6	6.7	7.0	7.6	7.5	8.7	9.2
Total	109.1	108.4	107.0	109.5	115.0	125.2	123.3	119.9	122.2	122.7	120.2	127.8	129.4	127.8	124.9

1/ EC-10; August/July marketing years.

2/ Data for 1987 are preliminary.

Source: ISTA Mielke GMBT. Oilworld. Hamburg, various issues; and Statistical Office of the European Communities (EUROSTAT). Crop Production Feed Balance Sheets, various issues.

Appendix table 29--EC intervention stocks, 1977-88 1/

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
----- 1,000 tons -----												
Common wheat	986	1,051	1,878	4,930	2,968	6,887	6,820	6,463	11,902	8,560	6,823	4,138
Durum wheat	211	150	143	157	309	801	737	853	986	1,023	1,530	2,336
Barley	69	182	74	1,082	848	1,681	1,673	1,636	4,651	3,793	4,326	3,515
Rye	430	601	582	517	343	299	311	441	1,108	1,148	1,055	872
Corn	--	--	--	--	--	--	--	--	--	190	23	18
Sorghum	--	--	--	--	--	--	--	--	--	3	8	11
Sugar	--	--	--	--	--	--	--	43	--	16	--	--
Olive oil	49	105	53	74	140	181	121	167	75	283	325	406
Rapeseed	1	1	10	82	24	39	--	58	--	--	--	38
Sunflowerseed	--	--	--	--	--	--	--	--	--	28	--	147
Leaf tobacco	--	--	--	--	--	4	4	3	7	27	3	1
Processed tobacco	--	--	--	--	--	4	11	7	4	7	20	6
Baled tobacco	16	22	28	29	39	29	15	4	4	6	5	40
Skimmed milk powder	988	722	215	231	298	605	957	773	514	847	722	14
Butter	142	258	293	147	14	139	686	973	1,018	1,297	1,058	223
Beef carcasses	215	136	203	209	146	156	301	468	589	452	484	558
Boned beef	102	79	85	105	64	61	89	127	214	220	207	164
Preserved beef	53	37	3	--	--	--	--	--	--	--	--	--
Pigmeat	--	--	--	--	--	--	--	--	26	--	--	--

1/ For 1977-82 stocks as of December 31, for 1983-88 stocks as of November 30; EC-9 for 1977-80, EC-10 for 1981-85, and EC-12 for 1986-88.

Source: Commission of the European Communities, Commission Proposals on the Prices for Agricultural Products and Related Measures (1989/90), COM(89) 40 final, Brussels, Jan. 31, 1989 and The Agricultural Situation in the Community, various issues.

Appendix table 30--Agricultural imports by country, European Community and Other Western Europe, 1985-87 1/

Commodity and year	SITC Codes		European Community						
	Major head-ings	Sub-head-ings 2/	Belgium-Luxembourg	France	West Germany	Italy	Nether-lands	Denmark	Ireland
----- Million dollars -----									
Live animals	1985	00	219.3	325.0	240.3	1,186.1	96.0	3.9	136.5
	1986		312.4	442.3	243.0	1,567.8	189.6	5.1	89.5
	1987		348.6	496.3	352.1	1,750.5	254.9	6.7	96.0
Meat and meat preparations	1985	01	348.9	1,870.1	2,003.7	2,253.5	334.8	50.4	62.4
	1986		451.0	2,467.6	2,512.3	2,784.7	443.6	89.7	79.9
	1987		566.5	2,844.0	3,092.4	3,225.6	574.4	127.8	103.7
Dairy products and eggs	1985	02	691.6	408.7	1,514.4	1,735.2	853.2	61.1	34.8
	1986		860.0	587.3	2,350.6	2,032.7	1,158.7	76.3	41.3
	1987		1,088.8	830.5	2,384.2	2,477.1	2,040.3	95.2	51.2
Cereals and cereal preparations	1985	04	1,016.8	709.6	1,480.1	1,388.8	1,038.7	131.3	184.1
	1986		1,118.3	938.8	1,669.9	1,739.2	1,207.4	167.8	246.0
	1987		1,355.1	1,116.2	1,835.0	1,935.2	1,457.8	209.0	268.9
Wheat and flour	1985	041	236.2	77.1	500.4	793.7	276.3	37.3	75.0
	1986	046	246.0	112.5	516.6	1,115.0	304.6	48.7	107.5
	1987		302.4	91.6	463.4	1,079.9	407.3	36.5	100.8
Rice	1985	042	81.1	146.2	91.8	93.9	63.6	9.2	3.0
	1986		72.9	176.9	109.1	46.0	63.9	12.2	3.7
	1987		70.2	191.2	121.3	46.3	59.4	15.0	4.5
Feed grains	1985	043-045	514.3	131.3	556.1	363.0	533.5	30.3	19.5
	1986		551.4	104.1	579.3	408.9	614.4	29.4	24.1
	1987		665.4	153.7	652.5	594.4	698.2	54.3	25.3
Fruit and vegetables	1985	05	906.4	2,451.2	4,688.2	952.4	1,664.8	245.1	192.9
	1986		1,187.4	3,228.4	6,118.9	1,048.9	2,089.5	336.0	250.1
	1987		1,506.9	4,007.4	7,857.5	1,564.5	2,520.2	451.3	282.3
Sugar, sugar preparations and honey	1985	06	108.5	238.5	340.6	242.8	185.0	59.9	68.6
	1986		134.4	352.3	464.6	302.2	248.0	88.8	87.6
	1987		149.2	428.1	498.9	268.6	312.1	95.6	97.2
Coffee, tea, cocoa, spices etc.	1985	07	702.0	1,598.5	2,815.5	1,143.3	1,322.6	252.1	135.7
	1986		874.8	2,018.7	3,751.1	1,302.0	1,515.9	360.1	156.8
	1987		775.1	1,823.0	3,197.3	1,124.9	1,381.1	264.7	159.3
Animal feed	1985	08	533.7	802.4	1,146.4	649.4	1,189.8	369.9	157.7
	1986		675.9	1,084.4	1,326.5	755.1	1,331.6	467.7	252.3
	1987		729.7	1,168.5	1,448.9	957.0	1,328.3	530.9	275.7
Oilseed cake and meal	1985	0813	209.4	648.6	689.7	266.3	518.7	307.4	55.9
	1986		259.3	841.5	756.8	299.1	590.3	383.9	82.1
	1987		254.2	836.3	815.9	378.3	597.6	410.9	84.2
Meatmeal and fishmeal	1985	0814	33.4	26.6	112.4	38.8	55.4	5.7	4.9
	1986		36.1	30.6	146.8	37.7	72.5	8.2	5.0
	1987		33.0	37.0	139.8	41.4	85.3	4.7	6.4
Miscellaneous food preparations	1985	09	174.4	235.2	273.0	102.3	206.8	38.2	53.0
	1986		258.6	321.5	369.2	125.2	243.2	55.7	69.8
	1987		311.3	429.1	626.0	169.0	286.3	64.5	78.3
Lard	1985	0913	16.8	6.2	3.4	5.6	26.3	2.3	0.5
	1986		9.3	7.0	3.9	3.9	19.6	0.4	0.5
	1987		8.5	8.4	4.9	6.4	16.8	0.9	0.4
Margarine and shortening	1985	0914	15.4	59.1	28.1	13.0	34.1	0.5	4.7
	1986		18.5	53.5	20.9	12.2	21.6	1.0	5.4
	1987		13.8	59.1	12.7	15.9	13.1	1.0	5.6

See footnotes at end of table.

Appendix table 30--Agricultural imports by country, European Community and Other Western Europe, 1985-87 1/

United Kingdom	Greece	Total EC-10			Total EC-12	Other Western Europe					Total Western Europe
			Portugal	Spain		Austria	Finland	Norway	Sweden	Switzerland	
----- Million dollars -----											
307.2	29.1	2,543.4	15.4	57.7	2,616.5	3.5	4.6	2.3	6.1	13.3	2,646.3
430.3	29.4	3,309.4	21.5	160.9	3,491.8	5.9	6.5	4.7	15.4	19.2	3,543.5
388.3	58.1	3,751.5	32.9	148.8	3,933.2	5.5	9.1	5.5	22.4	26.1	4,001.8
1,805.4	438.6	9,167.8	37.3	128.6	9,333.7	40.8	0.7	16.0	52.1	188.1	9,631.4
2,149.0	563.4	11,541.2	59.7	291.0	11,891.9	59.1	1.1	21.6	70.6	259.4	12,303.7
2,565.5	779.2	13,879.1	103.2	344.4	14,326.7	88.4	1.4	20.1	119.5	328.2	14,884.3
781.4	241.2	6,321.6	15.3	118.5	6,455.4	52.3	4.7	7.4	35.0	114.7	6,669.5
958.4	370.0	8,435.3	14.1	231.0	8,680.4	76.5	9.2	12.4	45.9	151.2	8,975.6
1,015.1	405.2	10,387.6	16.5	248.2	10,652.3	84.1	11.1	14.6	54.7	190.2	11,007.0
919.0	116.3	6,984.7	335.6	553.6	7,873.9	87.1	44.6	81.3	94.9	223.4	8,405.2
1,128.2	305.5	8,521.1	274.0	581.0	9,376.1	103.6	43.5	127.5	113.8	244.3	10,008.8
1,217.1	332.7	9,727.0	189.1	450.5	10,366.6	123.3	55.2	133.0	140.7	249.3	11,068.1
299.2	66.6	2,361.8	88.1	31.5	2,481.4	0.4	13.5	28.1	9.7	43.6	2,576.7
351.4	102.2	2,904.5	88.4	160.5	3,153.4	0.7	5.6	39.2	8.2	47.0	3,254.1
373.3	119.1	2,974.3	66.3	157.7	3,198.3	0.6	7.8	28.4	11.7	50.1	3,296.9
126.5	5.5	620.8	33.0	7.4	661.2	15.8	7.7	4.2	15.4	14.0	718.3
160.7	5.6	651.0	21.6	7.7	680.3	19.9	5.7	4.7	16.2	34.4	761.2
171.8	5.7	685.4	36.5	31.4	753.3	21.5	6.5	5.9	13.1	20.4	820.7
307.1	14.8	2,469.9	210.9	502.2	3,183.0	26.0	4.1	5.6	7.3	94.2	3,320.2
386.3	165.7	2,863.6	158.0	374.5	3,396.1	17.7	6.2	15.3	9.7	67.9	3,512.9
402.8	166.9	3,413.5	75.2	189.1	3,677.8	15.2	6.2	20.7	19.6	71.6	3,811.1
2,625.6	32.6	13,759.2	60.7	172.1	13,992.0	390.7	206.0	202.8	484.5	619.0	15,895.0
3,203.7	50.3	17,513.2	113.0	287.3	17,913.5	507.1	264.6	293.6	604.7	819.2	20,402.7
3,932.0	102.5	22,224.6	197.3	494.9	22,916.8	652.2	381.5	352.3	809.5	1,011.0	26,123.3
654.7	23.1	1,921.7	47.2	25.5	1,994.4	24.2	29.2	59.7	47.7	64.3	2,219.5
777.7	4.9	2,460.5	53.9	66.5	2,580.9	44.4	35.5	80.3	60.5	84.7	2,886.3
855.9	45.2	2,750.8	111.0	130.5	2,992.3	54.9	47.9	89.0	75.6	92.1	3,351.8
1,553.8	122.5	9,646.0	67.6	494.2	10,207.8	309.4	225.5	188.3	411.3	381.7	11,724.0
1,790.2	150.0	11,919.6	94.9	719.5	12,734.0	435.1	328.7	292.6	592.7	483.0	14,866.1
1,637.6	179.5	10,542.5	101.3	567.3	11,211.1	361.5	292.2	225.1	429.5	459.5	12,978.9
628.2	41.3	5,518.8	31.4	206.1	5,756.3	134.7	53.9	33.3	130.1	121.2	6,229.5
773.2	50.3	6,717.0	98.0	296.5	7,111.5	154.2	54.3	54.3	138.4	155.9	7,668.6
831.7	63.1	7,333.8	147.8	346.3	7,827.9	177.5	60.8	61.8	153.4	189.6	8,471.0
315.7	7.3	3,019.0	2.4	183.5	3,204.9	98.0	--	9.7	35.8	6.0	3,354.4
398.4	8.2	3,619.6	15.6	227.0	3,862.2	118.5	0.3	15.1	29.7	8.5	4,034.3
423.8	13.7	3,814.9	21.7	212.6	4,049.2	129.3	--	12.1	30.5	8.8	4,229.9
84.3	13.4	374.9	1.6	8.2	384.7	12.2	39.9	1.3	44.7	31.1	513.9
91.5	16.5	444.9	4.2	6.4	455.5	14.2	36.0	2.5	49.3	34.1	591.6
109.2	17.0	473.8	1.2	9.1	484.1	16.2	41.5	0.2	41.2	30.5	613.7
397.8	46.5	1,527.2	7.0	41.2	1,575.4	36.6	36.7	43.9	75.2	61.7	1,829.5
478.5	43.0	1,964.7	13.2	63.4	2,041.3	67.9	48.6	59.6	96.0	88.4	2,401.8
637.7	48.1	2,650.3	26.5	125.9	2,802.7	92.5	63.2	71.6	122.7	113.4	3,266.1
85.0	0.2	146.3	0.2	--	146.5	--	--	0.4	--	0.5	147.4
56.2	--	100.8	0.2	6.3	107.3	--	--	0.2	--	0.4	107.9
51.4	--	97.7	0.3	15.2	113.2	--	--	0.1	--	0.4	113.7
52.3	19.9	227.1	0.1	2.5	229.7	2.8	--	0.1	5.4	1.9	239.9
54.9	2.4	190.4	0.2	3.2	193.8	2.9	--	0.1	4.7	2.5	204.0
47.6	2.2	171.0	0.1	3.1	174.2	3.9	--	0.1	4.1	3.0	185.3

Continued--

Appendix table 30--Agricultural imports by country, European Community and Other Western Europe, 1985-87 1/--Continued

Commodity and year	SITC Codes		European Community						
	Major head-ings	Sub-head-ings 2/	Belgium-Luxembourg	France	West Germany	Italy	Nether-lands	Denmark	Ireland
----- Million dollars -----									
Beverages	1985	11	400.6	538.3	920.3	329.7	359.0	142.1	65.1
	1986		549.0	645.5	1,251.2	415.0	495.8	176.1	82.7
	1987		719.3	758.9	1,588.7	518.5	626.0	216.5	103.8
Nonalcoholic	1985	111	66.9	57.9	56.6	9.6	56.8	3.3	7.5
	1986		103.2	89.5	87.7	13.0	82.5	5.1	9.1
	1987		136.4	107.7	120.3	19.6	106.9	7.9	11.5
Wine	1985	1121	243.5	244.5	597.9	75.6	226.1	102.1	21.1
	1986		327.9	236.4	802.0	102.6	313.5	139.8	26.4
	1987		437.8	279.6	1,016.7	135.1	374.3	171.8	30.2
Tobacco, unmanufacture	1985	121	134.6	101.2	515.3	167.9	299.5	81.8	23.7
	1986		168.7	116.3	631.0	149.3	339.2	91.6	19.1
	1987		163.1	104.1	688.7	199.0	339.7	94.2	17.4
Tobacco, manufactured	1985	122	105.4	539.2	147.8	407.7	188.9	6.1	22.0
	1986		122.5	518.8	202.1	490.3	236.4	7.0	27.8
	1987		144.6	633.2	277.8	589.1	260.4	8.0	34.1
Hides, skins, and furs undressed	1985	21	96.1	226.1	365.5	1,181.8	125.3	103.1	2.5
	1986		85.4	226.7	393.3	1,242.4	131.8	143.7	2.5
	1987		85.2	332.2	444.7	1,355.1	158.8	193.2	3.3
Oilseeds, oil, nuts and oil kernels	1985	22	550.2	236.6	1,497.9	468.0	1,007.2	36.3	3.1
	1986		568.9	206.7	1,524.4	386.5	948.6	25.1	4.1
	1987		717.8	225.3	1,709.9	314.3	1,297.0	29.3	4.0
Soybeans	1985	2214	341.3	142.6	673.1	378.5	695.4	25.7	1.3
	1986		297.2	116.3	653.9	288.0	577.3	14.2	1.5
	1987		319.0	137.1	697.5	230.3	753.2	13.5	0.6
Natural rubber	1985	2311	35.5	153.3	185.6	132.8	12.5	4.1	5.5
	1986		39.1	152.9	183.7	135.4	13.3	4.4	6.6
	1987		47.4	197.2	215.0	156.4	15.9	4.4	8.0
Natural fibers	1985	261-265	381.1	762.0	856.8	1,590.9	84.0	20.6	62.4
	1986		397.3	650.0	764.5	1,427.3	84.3	23.1	61.5
	1987		509.5	780.9	1,004.9	1,786.9	85.3	21.8	75.4
Raw cotton	1985	2631	61.3	234.8	360.2	465.9	15.0	2.9	29.9
	1986		52.7	165.8	267.2	376.9	15.4	3.6	26.7
	1987		73.4	224.9	382.8	482.2	16.7	3.6	34.9
Crude animal & veg. matls. not elsewhere spec.	1985	29	165.8	651.4	1,317.4	410.0	341.4	152.0	32.1
	1986		221.2	884.5	1,817.0	501.4	472.0	190.1	40.6
	1987		272.3	1,104.1	2,252.7	665.4	580.2	220.4	52.9
Agricultural fats and oils	1985	4	353.1	742.0	933.7	687.9	759.9	143.0	62.7
	1986		289.7	560.4	696.2	714.2	528.9	123.9	55.2
	1987		472.5	522.6	653.8	972.4	495.2	121.8	56.0
Animal & vegetable oil & fats, processed	1985	431	78.9	111.1	210.9	54.0	124.4	70.2	14.7
	1986		62.8	92.4	163.1	40.4	98.6	65.4	14.0
	1987		62.2	97.9	168.7	41.3	104.2	57.7	12.2
Total agricul-tural 3/	1985		6,924.1	12,589.4	21,242.5	15,030.5	10,069.4	1,901.0	1,304.8
	1986		8,314.6	15,403.2	26,269.4	17,119.6	11,677.9	2,432.0	1,573.4
	1987		9,763.4	17,831.7	30,078.5	20,029.8	14,055.8	2,755.1	1,767.5
Total imports	1985		55,560.8	107,588.1	157,596.6	88,592.5	65,212.3	17,985.5	10,048.9
	1986		68,024.8	127,854.0	189,646.7	99,774.6	75,580.2	22,725.6	11,563.7
	1987		82,598.3	157,523.7	227,334.2	122,210.6	93,316.5	25,334.4	13,613.5

--- indicates none or negligible.

NA = not available.

1/ Intra-EC trade included in data.

2/ Components of major headings.

3/ Sum of all major headings.

Source: UN Trade Statistics 1987. SITC is the Standard International Trade Classification revised.

Appendix table 30--Agricultural imports by country, European Community and Other Western Europe, 1985-87 1/--Continued

United Kingdom	Greece	Total EC-10	Portugal	Spain	Total EC-12	Other Western Europe					Total Western Europe
						Austria	Finland	Norway	Sweden	Switzerland	
Million dollars											
1,087.2	40.3	3,882.6	5.9	89.7	3,978.2	40.2	17.2	46.9	130.9	293.2	4,506.6
1,478.5	47.7	5,141.5	23.4	189.4	5,354.3	61.1	29.4	66.2	189.9	416.1	6,117.0
1,815.2	70.0	6,416.9	40.4	285.7	6,743.0	88.3	37.0	78.7	215.1	524.6	7,686.7
39.5	9.1	307.2	--	4.2	311.4	2.8	1.6	4.2	11.2	26.7	357.9
61.1	7.6	458.8	1.5	8.0	468.3	5.3	2.8	9.3	18.4	43.3	547.4
108.1	13.7	632.1	4.8	16.7	653.6	8.3	4.3	7.1	11.4	57.3	742.0
738.4	1.0	2,250.2	0.1	3.4	2,253.7	17.6	7.6	21.8	65.0	222.0	2,587.7
1,005.7	1.1	2,955.4	0.9	9.5	2,965.8	27.1	13.6	32.5	95.9	311.9	3,446.8
1,199.9	2.6	3,648.0	1.9	19.1	3,669.0	41.1	17.8	41.7	119.0	391.6	4,280.2
352.2	28.1	1,704.3	17.8	301.0	2,023.1	37.0	33.9	22.1	54.3	84.3	2,254.7
321.3	38.1	1,874.6	16.2	285.9	2,176.7	37.2	35.1	24.5	35.3	94.4	2,403.2
349.8	46.0	2,002.0	25.7	274.6	2,302.3	41.7	39.8	24.0	37.3	103.5	2,548.6
146.7	10.8	1,574.6	0.2	38.3	1,613.1	4.0	5.0	23.7	31.4	14.0	1,691.2
175.5	15.2	1,795.6	0.8	38.1	1,834.5	5.7	6.3	36.2	48.5	19.9	1,951.1
188.6	26.6	2,162.4	0.8	71.3	2,234.5	7.0	8.0	42.0	55.1	23.5	2,370.1
307.9	38.0	2,446.3	58.2	269.9	2,774.4	35.2	42.5	16.0	58.8	23.0	2,949.9
317.3	44.8	2,587.9	72.7	313.5	2,974.1	49.4	35.3	22.4	77.3	27.9	3,186.4
433.8	42.5	3,048.8	84.3	462.3	3,595.4	45.8	51.8	62.7	96.7	35.1	3,887.5
307.7	53.4	4,160.4	270.9	478.2	4,909.5	10.7	33.6	80.3	25.1	51.2	5,110.4
397.8	51.2	4,113.3	208.7	530.7	4,852.7	14.2	35.9	73.9	19.8	44.4	5,040.9
418.7	62.9	4,779.2	333.3	638.0	5,750.5	16.2	39.3	78.1	17.5	47.8	5,949.4
126.0	38.5	2,422.4	199.7	448.5	3,070.6	0.6	29.1	68.2	0.1	29.4	3,198.0
145.6	33.2	2,127.2	161.8	492.2	2,781.2	1.0	32.0	62.2	0.7	24.1	2,901.2
132.3	40.2	2,323.7	190.0	594.4	3,108.1	1.3	34.7	66.8	1.1	26.7	3,238.7
115.3	9.2	653.8	10.8	100.2	764.8	23.7	7.1	3.0	12.5	3.1	814.2
112.4	9.8	657.6	11.4	98.1	767.1	22.0	6.8	3.1	12.4	3.3	814.7
138.0	11.2	793.5	14.2	118.3	926.0	26.5	8.4	3.5	13.2	3.1	980.7
697.0	134.3	4,589.1	322.2	242.4	5,153.7	91.6	24.2	12.0	20.9	245.2	5,547.6
590.1	120.2	4,118.3	252.1	203.7	4,574.1	88.4	16.4	12.0	18.2	219.3	4,928.4
754.5	101.1	5,120.3	300.6	269.1	5,690.0	101.5	19.8	11.5	17.2	238.7	6,078.7
84.5	86.6	1,341.1	272.7	143.2	1,757.0	45.8	12.2	3.9	7.8	133.6	1,960.3
64.9	61.8	1,035.0	205.4	108.4	1,348.8	36.0	4.9	2.7	6.1	102.7	1,501.2
85.1	51.6	1,355.2	249.6	157.8	1,762.6	42.7	8.1	1.7	6.1	119.9	1,941.1
465.2	23.8	3,559.1	17.1	105.9	3,682.1	121.6	103.2	49.2	164.8	204.2	4,325.1
592.7	28.0	4,747.5	27.1	141.0	4,915.6	163.9	122.2	75.0	209.6	280.4	5,766.7
720.2	34.0	5,902.2	37.2	184.6	6,124.0	209.0	152.4	93.6	256.1	359.4	7,194.5
684.9	16.7	4,383.9	24.3	90.4	4,498.6	97.8	20.1	34.8	104.8	63.7	4,819.8
535.4	35.3	3,539.2	19.3	116.4	3,674.9	82.8	20.1	35.1	75.6	66.3	3,954.8
701.2	74.3	3,869.8	28.2	144.2	4,042.2	76.2	22.5	30.9	74.1	56.3	4,302.2
109.5	6.7	780.4	6.5	5.5	792.4	22.5	7.2	3.7	26.1	12.6	864.5
85.0	22.7	644.4	5.2	8.8	658.4	21.6	7.3	4.4	22.1	13.4	727.2
99.2	18.6	662.0	6.0	16.6	684.6	21.6	8.7	3.4	23.5	13.7	755.5
13,837.2	1,445.8	84,344.7	1,344.9	3,513.5	89,203.1	1,541.2	892.7	923.0	1,940.5	2,769.2	97,269.7
16,210.0	1,957.2	100,957.3	1,374.0	4,614.1	106,945.4	1,978.7	1,099.4	1,295.0	2,424.7	3,477.3	117,220.5
18,600.9	2,482.1	NA	1,790.3	5,304.9	124,460.1	2,252.0	1,301.5	1,398.3	2,710.2	4,051.4	136,173.5
109,414.5	10,137.9	622,137.1	7,649.7	30,066.5	659,853.3	20,802.6	13,225.9	14,519.1	28,537.7	30,625.9	767,564.5
125,448.8	11,240.5	731,858.9	9,393.3	35,406.5	776,818.1	26,793.1	15,324.5	20,298.2	32,492.8	41,187.7	912,914.4
154,387.8	12,908.1	NA	13,437.5	49,008.8	949,673.5	32,638.0	19,860.2	22,577.8	40,620.7	50,557.1	1,115,927.3

Appendix table 31--Agricultural exports by country, European Community and Other Western Europe, 1985-87 1/

Commodity and year	SITC Codes		European Community						
	Major head-ings	Sub-head-ings 2/	Belgium-Luxembourg	France	West Germany	Italy	Nether-lands	Denmark	Ireland
----- Million dollars -----									
Live animals	1985	00	200.9	827.8	294.9	14.0	547.0	20.1	268.5
	1986		318.2	1,173.7	452.5	10.1	728.9	22.9	342.9
	1987		343.8	1,348.3	434.5	10.7	817.6	22.9	259.0
Meat and meat preparations	1985	01	840.4	1,194.2	1,080.9	364.8	2,369.5	1,938.3	649.9
	1986		1,216.0	1,630.3	1,611.2	421.5	3,142.2	2,389.1	885.0
	1987		1,482.5	1,984.5	1,748.1	493.8	3,684.1	2,680.7	1,136.5
Dairy products and eggs	1985	02	704.4	1,721.2	1,813.6	205.0	2,415.8	694.3	572.4
	1986		1,004.1	2,139.9	2,343.6	245.4	3,020.0	849.7	631.0
	1987		1,306.3	2,487.1	3,210.5	321.7	3,594.6	959.6	923.8
Cereals and cereal preparations	1985	04	773.5	4,637.8	800.3	1,076.1	509.0	424.3	75.5
	1986		810.4	5,009.8	1,220.9	1,067.0	599.3	528.7	91.1
	1987		1,071.6	5,241.5	1,352.2	1,106.4	706.4	605.6	132.7
Wheat and flour	1985	041	135.0	2,647.0	255.3	345.5	116.3	65.7	9.6
	1986	046	107.3	2,495.0	427.7	264.1	100.9	73.9	20.0
	1987		161.4	2,469.6	409.7	202.1	117.0	96.3	21.0
Rice	1985	042	113.8	10.9	23.3	304.3	56.7	0.3	--
	1986		127.2	36.3	28.4	281.2	52.6	0.3	0.1
	1987		158.8	22.4	27.0	309.7	62.3	0.3	--
Feed grains	1985	043-	221.3	1,500.7	114.9	95.2	29.4	160.2	32.5
	1986	045	175.8	1,931.4	181.8	88.6	36.9	209.5	32.9
	1987		286.6	2,137.7	166.8	41.2	39.0	248.5	73.6
Fruit and vegetables	1985	05	657.9	1,301.3	627.9	2,249.7	2,127.7	145.8	45.2
	1986		940.2	1,659.0	847.2	2,649.3	2,828.6	168.1	58.4
	1987		1,198.2	2,162.2	1,063.4	3,128.0	3,689.1	178.3	61.3
Sugar, sugar preparations and honey	1985	06	228.6	630.4	375.4	69.3	284.2	117.0	61.5
	1986		334.4	711.4	523.1	69.2	386.5	158.4	66.7
	1987		432.3	802.0	568.4	133.9	516.5	171.4	92.2
Coffee, tea, cocoa, spices etc.	1985	07	434.8	379.3	1,051.1	163.0	1,024.5	53.2	103.9
	1986		551.0	483.1	1,386.1	220.1	1,183.4	75.2	141.9
	1987		601.2	535.9	1,333.7	273.2	1,210.9	83.5	169.5
Animal feed	1985	08	445.4	530.5	777.4	114.0	720.8	141.3	40.3
	1986		514.6	640.1	942.5	121.3	871.2	170.8	48.0
	1987		507.7	754.2	1,152.8	116.0	1,073.5	173.5	59.5
Oilseed cake and meal	1985	0813	247.7	22.2	279.6	31.3	332.8	1.3	0.6
	1986		261.8	20.5	290.5	35.8	351.0	1.7	0.9
	1987		263.5	25.8	429.1	33.5	449.2	2.4	1.5
Meatmeal and fishmeal	1985	0814	21.0	26.2	86.9	30.2	16.9	89.2	5.8
	1986		24.4	27.7	96.4	23.9	19.7	106.9	7.9
	1987		20.7	25.8	103.7	29.1	21.5	105.9	9.3
Miscellaneous food preparations	1985	09	261.4	262.2	386.2	115.2	625.3	157.6	436.5
	1986		303.5	354.6	453.4	158.8	718.5	199.3	554.5
	1987		351.2	462.8	568.2	198.5	837.7	236.7	967.0

See footnotes at end of table.

Appendix table 31--Agricultural exports by country, European Community and Other Western Europe, 1985-87 1/

		Total			Total	Other Western Europe					Total
United Kingdom	Greece	EC-10	Portugal	Spain	EC-12	Austria	Finland	Norway	Sweden	Switzer-land	Western Europe
----- Million dollars -----											
338.9	0.8	2512.9	1.0	7.8	2521.7	46.7	2.0	0.3	7.5	11.4	2589.6
439.6	1.5	3490.3	1.3	16.4	3508.0	59.5	3.8	0.5	6.3	15.8	3593.9
535.4	1.5	3773.7	1.3	28.1	3803.1	76.2	3.5	1.1	7.2	24.0	3915.1
643.5	1.5	9083.0	11.8	31.7	9126.5	135.1	70.4	13.2	144.7	8.8	9498.7
765.0	2.7	12063.0	12.1	53.5	12128.6	140.7	51.1	5.3	111.1	12.4	12449.2
1028.5	9.2	14247.9	12.5	91.3	14351.7	170.9	56.2	9.2	68.8	16.1	14672.9
364.0	15.9	8506.6	7.6	6.4	8520.6	130.3	145.5	48.0	49.4	245.9	9139.7
486.0	22.5	10742.2	10.6	19.9	10772.7	161.9	138.3	56.0	43.0	332.5	11504.4
516.3	31.9	13351.8	16.4	67.0	13435.2	163.5	160.5	63.3	48.0	387.4	14257.9
1077.6	172.4	9546.5	2.8	168.8	9718.1	145.7	84.3	11.2	254.1	34.1	10247.5
1725.2	295.8	11348.2	4.8	193.8	11546.8	178.2	74.5	12.4	185.5	54.6	12052.0
1365.8	307.4	11889.6	7.1	429.7	12326.4	156.5	50.3	17.8	196.0	69.8	12816.8
306.1	118.4	3998.9	--	34.9	4033.8	89.4	7.6	0.1	91.2	--	4222.1
690.0	138.3	4317.2	--	49.8	4367.0	60.8	5.1	--	53.7	0.1	4486.7
541.7	156.1	4174.9	--	154.5	4329.4	41.2	10.6	0.3	53.2	--	4434.7
2.8	3.9	516.0	--	32.6	548.6	--	--	--	0.2	--	548.8
32.2	12.0	570.3	1.0	21.4	592.7	--	--	--	0.2	0.4	593.3
11.5	15.4	607.4	--	76.1	683.5	--	--	--	0.2	--	683.7
415.4	35.4	2605.0	0.1	85.2	2690.3	19.0	57.0	--	107.8	--	2874.1
628.1	129.2	3414.2	--	103.0	3517.2	52.0	50.1	--	56.3	0.3	3675.9
348.0	117.3	3458.7	--	199.8	3658.5	38.5	17.2	--	39.3	--	3753.5
268.3	690.9	8114.7	94.7	1843.9	10053.3	73.7	7.1	4.7	40.4	34.6	10213.8
371.8	812.1	10334.7	118.1	2583.4	13036.2	92.6	7.9	5.6	56.8	52.1	13251.2
498.1	866.2	12844.8	125.0	3347.0	16316.8	112.6	9.0	6.4	59.4	58.0	16562.2
285.6	8.2	2060.2	2.7	48.6	2111.5	15.7	10.6	2.7	30.3	32.1	2202.9
249.7	8.8	2508.2	2.5	108.4	2619.1	30.7	14.7	3.7	51.0	50.1	2769.3
359.1	8.8	3084.6	2.2	188.4	3275.2	22.9	18.8	5.6	56.1	62.6	3441.2
505.6	7.7	3723.1	1.5	110.0	3834.6	72.2	34.2	7.9	62.3	172.9	4184.1
533.5	7.6	4581.9	4.8	114.6	4701.3	82.6	40.4	12.1	84.5	229.3	5150.2
620.3	8.4	4836.6	3.5	141.0	4981.1	81.3	56.5	14.8	99.6	256.8	5490.1
157.6	28.6	2955.9	34.2	108.6	3098.7	10.4	7.8	97.9	11.2	20.9	3246.9
204.1	38.4	3551.0	29.7	72.0	3652.7	17.2	10.5	90.4	20.7	29.5	3821.0
256.1	31.5	4124.8	21.5	63.5	4209.8	23.2	4.2	97.4	24.5	40.2	4399.3
6.2	8.0	929.7	33.2	63.4	1026.3	--	--	24.6	0.4	0.3	1051.6
9.6	13.8	985.6	28.1	21.9	1035.6	0.1	--	30.4	0.2	0.1	1066.4
15.4	7.3	1227.7	19.9	13.0	1260.6	--	--	34.4	0.2	0.2	1295.4
2.6	--	278.8	0.1	1.4	280.3	4.2	--	60.9	0.6	0.8	346.8
4.8	--	311.7	--	3.0	314.7	5.7	--	38.0	2.2	0.8	361.4
6.4	--	322.4	--	6.5	328.9	7.1	0.9	39.3	2.9	1.0	380.1
229.6	8.3	2482.3	5.0	44.2	2531.5	20.6	25.0	13.1	45.8	166.0	2802.0
232.5	12.2	2987.3	4.0	66.8	3058.1	30.5	33.1	18.0	51.0	198.9	3389.6
280.8	13.2	3916.1	6.2	79.8	4002.1	36.9	25.1	21.5	67.8	230.6	4384.0

Continued--

Appendix table 31--Agricultural exports by country, European Community and Other Western Europe, 1985-87 1/--Continued

Commodity and year	SITC Codes		European Community						
	Major head-ings	Sub-head-ings 2/	Belgium-Luxembourg	France	West Germany	Italy	Nether-lands	Denmark	Ireland
----- Million dollars -----									
Beverages	1985	11	190.8	2,981.2	709.6	988.7	449.9	106.9	210.7
	1986		261.3	4,000.3	856.4	985.9	651.3	149.4	258.3
	1987		329.0	4,950.3	964.0	1,201.0	789.4	199.3	306.2
Nonalcoholic	1985	111	86.4	145.3	75.3	14.6	94.8	13.1	12.3
	1986		127.8	209.9	94.9	19.9	130.8	17.0	20.3
	1987		166.7	299.5	119.4	23.7	179.8	18.7	22.7
Wine	1985	1	24.0	1,941.3	362.2	879.7	8.9	4.0	0.5
	1986		33.4	2,682.0	405.5	848.1	10.7	5.2	0.6
	1987		37.1	3,221.9	410.8	1,006.1	12.6	6.7	0.4
Tobacco, unman- ufactured	1985	121	19.9	21.3	23.3	91.6	52.2	4.5	0.4
	1986		23.9	30.7	31.5	112.5	77.9	6.3	1.9
	1987		55.4	28.4	41.5	99.9	81.4	9.5	0.4
Tobacco, manu- factured	1985	122	204.0	66.3	468.3	5.2	643.3	48.8	41.2
	1986		258.6	79.1	668.6	4.5	913.8	75.4	46.3
	1987		301.8	95.5	719.2	5.9	1,136.3	94.9	46.0
Hides, skins, and furs undressed	1985	21	82.5	337.4	200.7	68.9	238.9	342.5	61.6
	1986		92.4	361.8	260.8	63.5	282.7	420.8	95.3
	1987		102.3	438.8	287.3	64.1	320.2	664.2	114.6
Oilseeds, oil nuts, and oil kernels	1985	22	14.8	572.3	51.5	3.0	54.0	171.6	6.0
	1986		19.9	691.7	94.0	3.9	72.6	194.2	2.5
	1987		26.9	1,326.1	233.0	10.0	105.2	136.8	4.5
Natural rubber	1985	2311	0.4	9.2	4.6	2.6	1.8	--	0.1
	1986		0.8	8.7	5.6	2.3	2.2	--	0.1
	1987		0.6	12.2	8.2	2.3	3.8	0.2	--
Natural fibers	1985	261- 265	253.5	544.2	197.4	57.9	50.3	1.4	15.2
	1986		261.5	569.5	180.2	55.5	57.5	2.1	16.2
	1987		362.7	725.5	268.7	79.3	62.3	2.4	28.2
Crude animal & veg. matls. not elsewhere spec.	1985	29	167.5	280.4	380.1	226.2	1,732.7	292.8	37.0
	1986		238.1	375.6	530.1	295.5	2,464.8	399.0	58.9
	1987		269.5	442.2	632.5	479.6	3,149.6	503.0	66.7
Agricultural fats and oils	1985	4	423.3	414.1	953.3	301.3	878.3	131.4	17.0
	1986		343.4	295.8	774.8	328.3	690.1	126.5	14.0
	1987		337.3	301.3	737.0	360.0	683.0	107.4	15.3
Animal and vege- table oils and fats, processe	1985	431	50.6	39.9	294.7	39.7	245.8	61.5	0.9
	1986		40.9	30.4	276.4	32.6	208.6	65.2	0.9
	1987		44.9	31.1	253.4	43.7	234.0	57.1	0.8
Total agricul- tural 3/	1985		5,904.0	16,710.7	10,196.5	6,116.5	14,725.1	4,791.8	2,642.9
	1986		7,492.3	20,215.0	13,182.6	6,814.6	18,691.7	5,936.0	3,313.2
	1987		9,107.5	24,098.8	15,323.5	8,084.2	22,461.5	6,830.8	4,383.6
Total exports	1985		53,316.4	97,456.5	183,333.9	78,943.4	68,282.4	16,469.0	10,399.2
	1986		68,649.0	119,070.6	242,403.9	97,815.0	80,554.8	20,558.4	12,603.7
	1987		82,951.0	143,076.5	293,789.4	116,582.3	92,881.8	24,696.8	15,970.4

'--' indicates none or negligible.

NA = not available.

1/ Intra-EC trade included in data.

2/ Components of major headings.

3/ Sum of all major headings.

Source: UN Trade Statistics 1982-1986. SITC is the Standard International Trade Classification revised.

Appendix table 31--Agricultural exports by country, European Community and Other Western Europe, 1985-87 1/--Continued

United Kingdom	Greece	Total EC-10			Total EC-12	Other Western Europe					Total Western Europe
			Portugal	Spain		Austria	Finland	Norway	Sweden	Switzerland	
----- Million dollars -----											
1,621.9	54.4	7,314.1	188.8	373.4	7,876.3	58.4	20.5	4.3	20.7	39.6	8,019.8
1,951.8	68.2	9,182.9	256.3	475.7	9,914.9	57.4	24.6	6.0	29.4	45.6	10,077.9
2,319.5	80.1	11,138.8	322.5	569.3	12,030.6	69.6	31.9	5.0	32.4	51.9	12,221.4
27.9	1.8	471.5	2.3	3.3	477.1	21.2	6.1	1.1	4.5	26.6	536.6
34.2	2.1	656.9	2.0	5.8	664.7	27.6	7.6	2.0	7.1	32.3	741.3
--	39.1	2.1	--	3.6	9.8	--	36.2	8.5	1.4	7.5	63.4
53.6	34.1	3,308.3	181.5	332.7	3,822.5	20.4	--	--	--	7.6	3,850.5
44.4	42.7	4,072.6	249.4	421.3	4,743.3	6.8	--	--	--	5.7	4,755.8
--	49.3	50.7	--	311.0	501.3	10.0	--	--	0.1	6.4	--
11.7	149.9	374.8	0.3	1.8	376.9	0.4	0.1	0.1	0.5	28.5	406.5
18.4	213.9	517.0	0.7	2.7	520.4	0.9	--	0.2	0.5	36.6	558.6
26.8	275.9	619.2	1.1	7.4	627.7	0.8	--	--	0.5	46.7	675.7
590.3	3.0	2,070.4	1.1	4.9	2,076.4	1.7	9.0	6.3	17.3	69.6	2,180.3
577.1	5.3	2,628.7	1.3	11.9	2,641.9	2.3	11.7	8.6	20.0	105.6	2,790.1
712.3	8.8	3,120.7	1.7	40.6	3,163.0	4.1	17.5	9.5	20.5	128.9	3,343.5
373.3	39.9	1,745.7	6.3	15.7	1,767.7	25.6	257.7	79.3	98.2	49.8	2,278.3
381.3	30.8	1,989.4	5.8	26.9	2,022.1	30.4	296.7	72.5	130.2	63.0	2,614.9
511.8	45.3	2,548.6	8.4	49.8	2,606.8	41.9	408.0	155.9	134.2	74.3	3,421.1
116.9	9.4	999.5	--	3.7	1,003.2	4.4	--	0.1	24.6	1.9	1,034.2
227.9	42.8	1,349.5	0.7	3.5	1,353.7	6.6	--	0.2	14.7	1.2	1,376.4
141.7	16.9	2,001.1	0.3	21.0	2,022.4	10.2	--	0.1	3.6	0.3	2,036.6
4.4	--	23.1	--	0.4	23.5	--	0.1	--	0.5	--	24.1
3.6	--	23.3	0.2	0.6	24.1	0.1	--	--	0.9	0.1	25.2
4.9	--	32.2	--	0.6	32.8	--	--	--	1.4	--	34.2
324.5	72.5	1,516.9	6.9	76.0	1,599.8	9.4	0.4	5.2	1.2	31.8	1,647.8
332.6	39.7	1,514.8	5.3	56.4	1,576.5	7.6	0.4	6.1	1.5	32.3	1,624.4
430.4	115.8	2,075.3	9.4	93.9	2,178.6	9.2	0.8	6.7	3.1	42.7	2,241.1
122.0	12.8	3,251.5	13.3	110.1	3,374.9	15.7	4.8	11.1	31.0	36.6	3,474.1
161.8	16.9	4,540.7	17.6	144.8	4,703.1	19.8	6.4	14.2	35.3	52.7	4,831.5
163.9	18.7	5,725.7	20.1	188.5	5,934.3	21.6	5.7	16.7	36.7	58.2	6,073.2
124.0	94.0	3,336.7	89.4	475.2	3,901.3	16.2	23.1	79.2	88.2	18.1	4,126.1
154.3	206.7	2,933.9	49.7	336.6	3,320.2	11.1	17.8	56.0	75.3	17.2	3,497.6
433.0	211.2	3,185.5	62.8	520.5	3,768.8	12.1	22.3	59.8	81.3	19.0	3,963.3
56.5	0.7	790.3	2.7	7.1	800.1	2.5	15.4	34.9	39.1	4.0	896.0
51.9	1.7	708.6	0.6	5.0	714.2	1.6	10.8	32.5	36.3	4.2	799.6
55.8	1.9	722.7	1.4	6.7	730.8	1.7	10.0	28.4	37.0	4.3	812.2
7,159.7	1,370.2	69,617.4	467.4	3,431.2	73,516.0	782.2	702.6	384.6	927.9	1,002.6	77,315.9
8,816.2	1,825.9	86,287.5	525.4	4,287.7	91,101.7	930.2	732.0	367.7	917.8	1,329.2	95,378.6
10,204.7	2,050.9	NA	622.0	5,927.5	109,094.9	1,013.6	870.4	490.8	941.2	1,567.5	113,978.4
101,173.5	4,536.2	613,910.5	5,685.4	24,306.8	643,902.7	17,102.3	13,608.9	18,662.5	30,403.2	27,281.1	750,960.7
106,653.5	5,660.2	753,969.1	7,159.9	27,250.4	788,345.5	22,516.6	16,325.2	18,229.7	37,117.5	37,533.6	920,068.1
131,127.9	6,489.3	NA	9,166.7	34,098.8	950,831.0	22,162.8	20,039.2	21,449.2	44,313.1	45,356.9	1,104,152.2

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